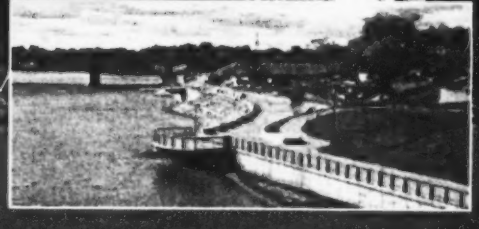
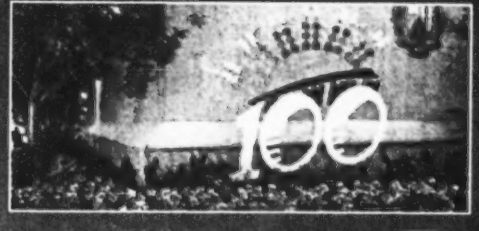
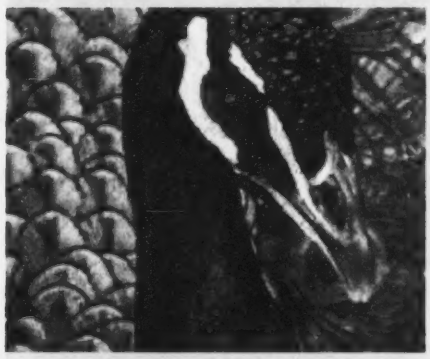
City of Saskatoon

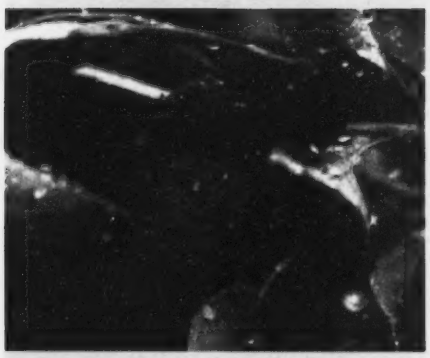
CITY OF SASKATOON **2006 Annual Report**

year ended december 31, 2006 saskatoon saskatchewan canada







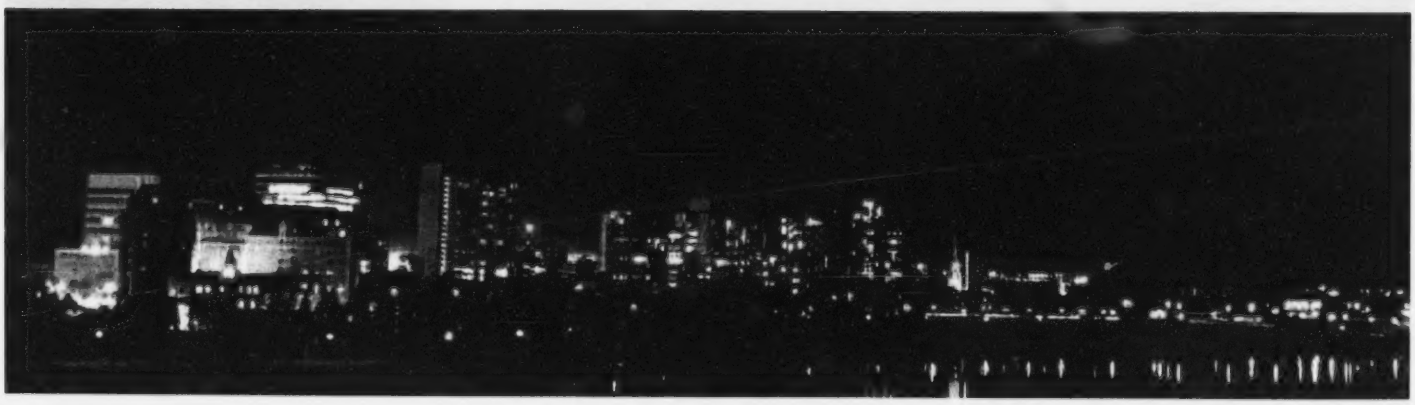


City of Saskatoon

Vision Our vision for Saskatoon, building on our history, includes an enhanced quality of life; a vibrant economy; responsible, progressive environmental management; continued river valley stewardship; recognizing the diversity of neighbourhoods while promoting a united community; planned growth; and regional and global opportunities.

Mission Our corporation, the City of Saskatoon, exists to provide excellent local government through leadership, teamwork, partnership, and dedication to the community. We will facilitate effective and efficient delivery of public services and nurture the economic, environmental, social, and cultural well-being of the community, now and in the future.

Values To achieve our vision, we commit ourselves to quality service, fiscal responsibility, high performance, respect for others, providing open and accountable government, a supportive work environment, and cooperative spirit.



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City of Saskatoon

City of Saskatoon 2006 Annual Report
Year Ended December 31, 2006
Saskatoon Saskatchewan Canada

Prepared and produced by
City of Saskatoon
Comptroller's Branch and
Communications Branch

Presented to City Council May 29, 2007

Photos Courtesy:
Front Cover:
Fireworks – Darrell Noakes
Inside Cover:
Summer in Saskatoon (statue) – Scott Martin
Berry – Tourism Saskatoon
Fall trees – Darrell Noakes
Cityscape – Darrell Noakes

Letter of Transmittal

City of
Saskatoon

May 28, 2007

His Worship, the Mayor
And Members of City Council

I am pleased to submit the City of Saskatoon's Annual Financial Report for the year ended December 31, 2006. The Annual Financial Report is submitted pursuant to Section 155 of *The Cities Act*. The financial report includes consolidated financial statements for the City of Saskatoon reporting entity as required by the Public Sector Accounting Board (PSAB).

The purpose of this report is to provide financial, statistical, and other information about the City of Saskatoon and related entities to allow readers to gain an understanding of the City and the resources available to the City.

The Annual Financial Report consists of the following sections:

- The introduction familiarizes readers with the history of Saskatoon, the political and organizational structure of the City, and the nature and scope of the services provided by the City.
- The Financial Section includes the Consolidated Financial Statements.
- The Financial Statement Discussion and the Statistical Section provide additional explanation and trend analysis to provide a broader understanding of the financial statements.

The preparation and presentation of the financial statements and related information contained in this report is the responsibility of management of the City of Saskatoon. The statements have been prepared on a basis consistent with the recommendations of PSAB. Included in the consolidated financial statements are those entities that are accountable to and owned or controlled by the City of Saskatoon. These entities include: the Saskatoon Public Library, Saskatoon Police Service, Saskatchewan Place Inc (operating as Credit Union Centre), Saskatoon Centennial Auditorium (operating as TCU Place), and the Mendel Art Gallery.

City Council appointed the accounting firm of Deloitte & Touche, LLP to perform an independent audit of the City's 2006 financial statements, and their report is included herein. The accuracy and reliability of the financial information is ensured by the City's system of internal controls. The Audit Committee reviews the external auditor's plan, and ensures corrective action is taken for weaknesses identified in the City's internal control system. An internal audit function through the services of Robert Prosser and Associates Inc. also reports to the Audit Committee ensuring internal controls and procedures are in place and adhered to through a series of internal audits and reviews.

As noted, the consolidated financial statements include information on the City's financial position and operating results, along with those of several related entities. The City's operations are typically segmented (General Operating, General Capital, Utility Operating, and Capital) for budgeting and reporting purposes. For the purpose of the consolidated financial statements, the financial position and results of all the segments are brought together.

The attached financial statements reveal that the City ended the year with an operational deficit of $1,843,000. The primary reasons for this deficit relate to the increased expenditures required in the snow and ice program due to the significant snowfall the city received in 2006, as well as lower revenues from fines and penalties, golf courses, and interest earnings. The 2006 deficit is offset from the City's Revenue Stabilization Reserve.

The City's 2006 capital program included planned expenditures of $188,051,000. These expenditures were financed from reserves, development levies, contributions from developers, Federal and Provincial grants, gas tax revenues from the Federal Government, and borrowing.

The City continues to receive positive reviews from Standard and Poor's (S&P) which reconfirmed the City's AAA rating. In its last review, S&P states that "Saskatoon owes its very strong credit ratings to its large cash and investment holdings, low but rising debt burden, significant nonfinancial assets, and superior financial performances."

Respectfully submitted,

Marlys Bilanski, CMA, FCMA
General Manager, Corporate Services

Message from the Mayor

Saskatoon was overflowing with excitement as citizens came together throughout 2006 to celebrate Saskatoon's 100th anniversary as a city. We remembered the hardships our settlers faced, but also realized that they found opportunities and the vision to create the foundation of Saskatoon. That same spirit of optimism remains with us today, as we build on the success of the past 100 years.

Mayor Donald Atchison with the Centennial Torch

2006 was certainly a whirlwind year. Saskatoon was designated the Cultural Capital of Canada. That honour brought the opportunity to develop several initiatives to foster the arts in Saskatoon. We will truly enjoy their beauty and inspiration for years to come.

Our economy exploded, with the one of the nation's lowest jobless rates, a robust economy, and a blazing hot real estate market. People from across Canada are realizing that Saskatoon is the place to be.

In 2006, Saskatoon hosted the most successful Vanier Cup ever, and in early 2007, we hosted the Juno Awards. 2007 is also the 125th Anniversary of the historic meeting of John Lake and Chief Whitecap. John Lake was an early colonist, wanting to establish a new settlement in Saskatchewan. Chief Whitecap showed him where the best river crossing was, and that's where John Lake founded Saskatoon. Our city and the Whitecap Dakota First Nation are eagerly preparing to celebrate this anniversary and the enduring relationship between our two communities.

I attended many wonderful community events throughout the year to celebrate our 100th anniversary. The Centennial Torch was at those events, and when I lit it, I felt that its flame symbolized our bright past and illuminated our shining future.

Donald J Atchison

Donald J. Atchison, Mayor
May 2007

City Council

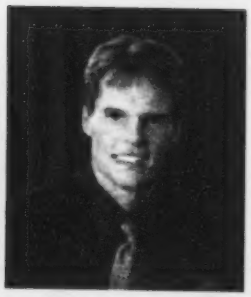
2006 - 2009

Mayor
Donald Atchison

The City of Saskatoon is governed by an act of legislation of the Province of Saskatchewan known as *The Cities Act*. The Mayor is the Chief Executive Officer of the City.

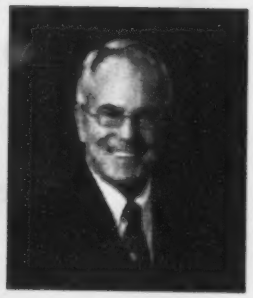
Administrative powers and duties have been delegated to the City Manager who is appointed by City Council. The Council consists of the Mayor and ten Councillors, elected for a period of three years. Each Councillor represents a specific ward or area of the city.

Councillor
Darren Hill
Ward 1



Councillor
Charlie Clark
Ward 6

Councillor
Pat Lorje
Ward 2



Councillor
Bob Pringle
Ward 7

Councillor
Maurice Neault
Ward 3

Councillor
Glen Penner
Ward 8

Councillor
Myles Heidt
Ward 4

Councillor
Tiffany Paulsen
Ward 9

Councillor
Gordon Wyant
Ward 5

Councillor
Bev Dubois
Ward 10

Message from the City Manager

The Administration is pleased to present the 2006 Annual Report which highlights, in brief, the major civic-related events that occurred in the past year for each of the ten core strategies identified in the City of Saskatoon Corporate Business Plan.

Phil Richards
City Manager

The sense of growth and prosperity in Saskatoon has never been stronger. We continue to break building permit records. We consistently place in the top three to five municipalities in the country for annual growth in the Gross Domestic Product. Saskatoon's rate of new job production even out-paced Calgary and Edmonton.

Perhaps it is no coincidence that these successes and milestones occurred in 2006 – Saskatoon's 100th anniversary of incorporation as a city. Highlighted by the spectacular "Bridge Party" and fireworks display, the year served as a reminder that we truly live in one of the best cities in Canada.

We celebrated the fact that our growth and prosperity occurred in all areas of Saskatoon.

In our downtown, the much-anticipated riverfront park was officially opened to eager pedestrians. The stunning Prairie Wind landmark was unveiled, casting a glow over the riverbank at night. Sod was turned on Persephone Theatre's site. The new Galaxy Theatre on Block 146 opened the doors to its twelve-screen movie complex.

Sod was turned at the Blairmore Multi-District Park and school sites. Homes sprung up in the new neighbourhoods of Stonebridge, Willowgrove, Hampton Village, and The Willows, and the preliminary plans for the new neighbourhood of Rosewood were reviewed. The SaskTel Sports Centre with the Terry Fox Track opened, adding more recreational opportunities. The site clean-up at Station 20 West was completed and two of the three parcels of land were turned over to Saskatchewan Housing Corporation for their infill housing project.

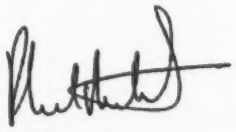
The College Drive and Circle Drive overpass was completed, and construction started on the new Circle Drive and Clarence Avenue interchange. The Circle Drive Bridge was widened on the westbound lanes, with the eastbound lanes set to be finished in 2007. Completely new Transit routes were implemented, environmentally-friendly electric/diesel hybrid buses were introduced, and the Transit hubs at Place Riel and Market Mall opened.

Saskatoon's colourful ethnicity and vibrant creativity was recognized with the designation as a Cultural Capital of Canada. This Federal distinction will enable our community to invest more in arts and culture, increase and improve our cultural services, and strengthen connections with other communities through shared cultural experiences.

We acknowledged our municipal efficiency with the reaffirmation of our triple-A credit rating, and the acceptance of the first SABEX award presented to a level of government for excellence in productivity performance.

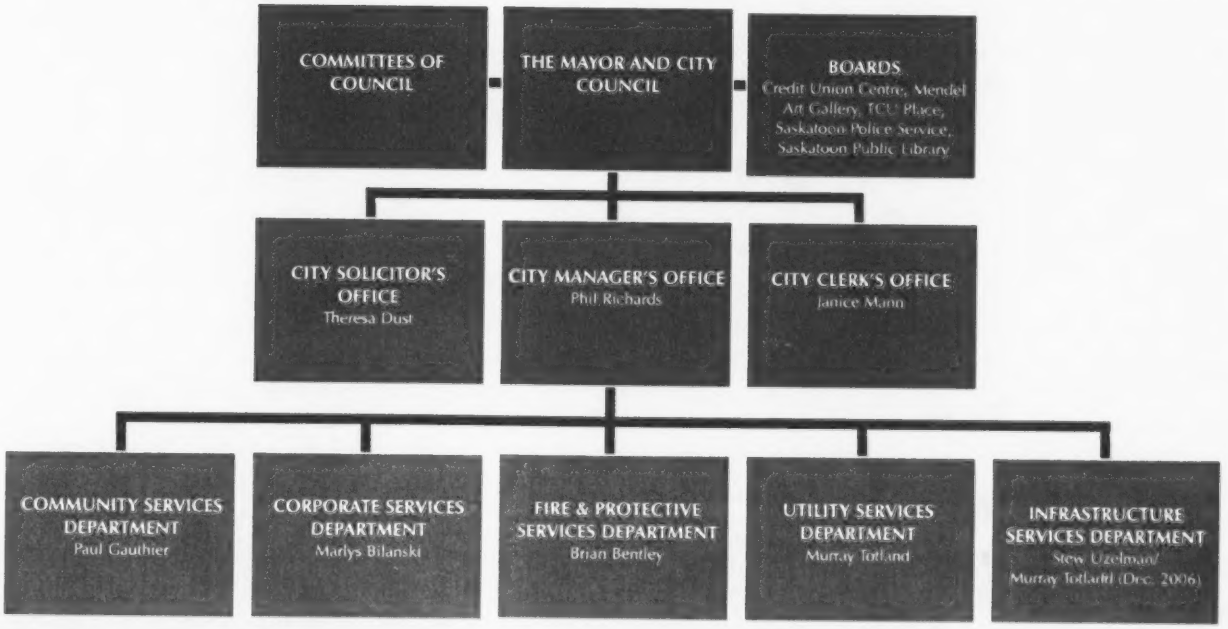
Growth and progress...new and rejuvenated neighbourhoods...the celebration of arts and culture – all contributed to the optimism that is so strong in our community. 2006 may have marked the end of an incredible 100 years of progress, but more importantly, heralded the beginning of the next 100 years of promise and potential.

On behalf of the management and staff of the City of Saskatoon, we hope you enjoy our report.



Phil Richards, City Manager

2006 city of saskatoon organizational chart



Core Strategies

Core Strategy: Economic Development

Create an environment that encourages economic development.

The unveiling of the Prairie Wind landmark at River Landing

River Landing Phase I

The riverfront promenade was officially opened to pedestrians on August 24, 2006. Riverfront features, including the waterplay feature, pavilion building, and amphitheatre, will be built in 2007. Construction of the Prairie Wind landmark was completed in November, with the official unveiling held on December 5, 2006.

A tax and sale agreement was reached with Persephone Theatre and an official sod turning ceremony was held on September 13, 2006.

River Landing Phase II

Grand opening of the riverfront promenade at River Landing

Construction is underway for the Farmers' Market/Business Support Centre/Market Square. The Farmers' Market and Ideas Inc. is scheduled for completion in early 2007. Work in the Square will continue in 2007.

The master plan for Phase II of the riverfront development was approved by City Council, with construction scheduled to begin in 2007.

The design contract has been awarded for the pocket park and substation mitigation. The public input process is underway and the master plan is scheduled for completion early in 2007.

At completion, the riverfront Phase I project is designed to include:

- *a riverwalk for close-to-the-water strolling;*
- *river viewing areas to strengthen the concept of the "river as a stage";*
- *a river tributary, garden, and pedestrian bridge;*
- *a site for a feature building;*
- *a promenade to tie in Friendship and Kiwanis Parks;*
- *a new boat dock to support and enhance river activities and events;*
- *a pavilion building including space for a concession;*
- *a children's water play area; and*
- *an amphitheatre to support performances and other events.*

The streetscape design, including the reconfiguration of 19th Street, connections, and parking, were all completed in 2006, with construction beginning in 2007.

Major regional retail centres

Preston Crossing III

A proposal from Harvard Developments Inc. to expand Preston Crossing was debated and defeated by City Council on May 23, 2006. New discussions with the University of Saskatchewan began in October. A new DCD3 (Direct Control District) application for Phase III is expected in early 2007.

Stonegate

The servicing agreement with SmartCentres has been negotiated for the Stonegate development.

Blairmore

The Blairmore Direct Control District commercial/retail site was sold to SmartCentres. The City expects a development application from SmartCentres for specific site plan approval in 2007.

Enterprise Zone

In March 2006, City Council approved a report that allowed the Enterprise Zone to continue with revised incentives and funding.

Industrial land

The Marquis Industrial Sector Plan was adopted and zoning changes are in progress. The major trunk system is being installed to Millar Avenue with area grading continuing. In 2006, servicing of 19.5 acres of heavy industrial and 5.93 acres of light industrial lands along Wanuskewin Drive, north of Cover-All Building Systems, was completed.

In 2007, direct services will be installed for 91 acres of light industrial and 22 acres of heavy industrial lands west of the C.N.R. tracks. An additional 44 acres of light industrial land will be serviced west of the C.N.R. tracks in 2008.

Balanced civic growth

In keeping with the Future Growth Study, the City is working to maintain balanced growth across Saskatoon. In 2006, servicing of Blairmore Phase I was started, including water and sewer line installation and some road work; completion is scheduled for 2007.

The preliminary plan for the Rosewood neighbourhood has been reviewed by civic branches, with comments given back to the developers. The developers will be preparing revisions to the Rosewood concept plan for final application in 2007.

Growth and sustainability

Meetings were held with the Combined Business Group to discuss growth and sustainability objectives. An administrative model was drafted and will be presented to City Council in 2007 for consideration. The economic components of that model will be further reviewed with the Combined Business Group.

Commercial/industrial space database

The land and floor space inventory database, which included a comprehensive survey of all government and non-profit agencies, was completed in 2006. The updated information is now available for distribution to civic departments and the public. The database can also generate customized data requests.

North Downtown redevelopment

The preliminary design work is complete on the extension of 25th Street from 1st Avenue to Idylwyld Drive. Discussions continue with the railways.

Consultations about the downtown Transit terminal continued in 2006 with stakeholders. The project is awaiting finalization of the Federal Transit Funding Program, expected to occur early in 2007.

Future Initiatives 2007-2009: Economic Development

Construction will commence on the pavilion building, amphitheatre, waterplay feature, and boat dock in Phase I of River Landing. The Saunders Road streetscape and extension of 2nd Avenue from 19th Street to Century Plaza will be completed.

The Phase II pocket park and substation mitigation will be completed, and the Farmers' Market/Business Support Centre/Market Square will open. Work will begin on construction of the Phase II riverfront; streetscaping for 19th Street and Avenues A, B, and C between 19th and 20th Streets; reconfiguration of 19th Street; and construction of surface parking.

Core Strategy: Service Delivery

Optimize the effective and efficient delivery of services.

Saskatoon continues to facilitate the delivery of public services that strengthen the quality of life enjoyed by our citizens, today and in the future.

A new hybrid electric/diesel DART (Direct Access Rapid Transit) bus rolls out as part of the new Transit service in July

Enhancements to transportation services

The new Transit service launched in July has been well received, with new routes and schedules providing greater convenience for patrons. In the six months following the launch of the new service, ridership increased by 104,292 rides.

The new Place Riel Transit Hub opened in September 2006. The University of Saskatchewan is one of Saskatoon Transit's busiest destinations, second only to the downtown core. The Place Riel Transit Hub receives 50 buses an hour during peak times.

Saskatoon Transit provided 9,060,824 rides in 2006 compared with 8,989,505 in 2005.

Enhancements to the present free downtown shuttle service will be operational in spring 2007. Civic Administration is working with the Downtown, Riversdale, and Broadway Business Improvement Districts on shuttle service improvements, including the addition of two new buses.

Development of integrated facilities

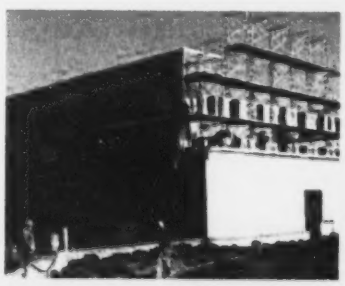
Blairmore Multi-District Park and School Sites

Construction on Tommy Douglas Collegiate, Phase I Civic Recreation Centre, and Bethlehem High School began in spring 2006. Public open houses were held on Phase II in June and November, and a static display was set up at Harry Bailey Aquatic Centre in October 2006 to update the community on the progress of this project.

Construction of roads leading to the Blairmore Multi-District Park

In 2006, the Phase II schematic design and design development stages were completed. A company was hired in October to provide professional services for the sale of naming rights for the building and specific program spaces within the building. Initial contacts were made with potential sponsors in November/December 2006.

Program principles have been agreed to by the three partners and public space within each school has been identified. Operating agreement discussions by the three partners began in December 2006.



Construction of the Civic Centre at Blairmore Multi-District Park

A grant application was submitted for funding to the Municipal Rural Infrastructure Funding Program in fall 2006.

Forest Park Multi-District Park

The Forest Park operating agreement between the City of Saskatoon, Saskatoon Soccer Centre Inc., and the Saskatoon Public School Division was signed in 2006. The SaskTel Sports Centre opened in January 2006, and Centennial Collegiate and the Terry Fox Track opened in September. Meetings are ongoing to resolve start-up issues for the facility including: accounting procedures for the collection of revenues and invoicing costs; interpretation of the operating agreement; and placement of interior and exterior signage.

New opportunities for partnerships

BizPaL
Governments working together for business

By pursuing partnership opportunities with other levels of government and private and public institutions, the City helps ensure the most efficient delivery of services. In the spring of 2006, the City worked with Industry Canada to implement BizPal. This online application service provides Canadian businesses with one-stop access to permit and licence information for all levels of government.

Saskatoon Light & Power continues to explore new opportunities for renewable electrical power generation. Options include electrical power from wind, landfill gas, organic waste, fuel derived from municipal solid waste, and wastewater treatment plant digester gas.

The City continues to work with private institutions to formulate mutual response agreements to deal with disasters and emergency situations. Saskatoon Fire and Protective Services is a member of the Saskatoon Industrial Mutual Aid Committee (SIMAC). The mandate of the Committee is to establish public education and awareness, and expertise and resources for response to a major emergency involving the manufacture, handling, or shipping of dangerous or regulated goods.

Future Initiatives 2007-2009: Service Delivery

The City will continue to look at creative options to ensure the efficient and environmentally responsible delivery of services. Partnerships with the construction industry will be pursued to assist with services such as snow removal, residential lot servicing, and infrastructure development. Cogeneration, wind power, gas reclamation, waste energy, and other forms of electrical generation will also continue to be explored.

Core Strategy: Customer Service

Customers come first – provide responsive and flexible customer service.

Expansions to online services

The City is working to provide enhanced customer service through the use of new website technology. Online applications have been developed for meter reading, parking ticket payments, and an interactive map showing the location of schools, leisure centres, parks and other points of interest. Implementation of these applications is targeted for 2007.

Ratings for civic services

Results from the 2006 Civic Services Survey indicate 91 per cent of Saskatoon residents rated their quality of life as good or very good. This rating reflects an increase of seven per cent from the previous year's results. A majority of residents (89 per cent) were satisfied or very satisfied with civic services, and 87 per cent of residents felt they received good or very good value for their tax dollars. Crime and policing were once again the most important issues for residents.

Environmental awareness

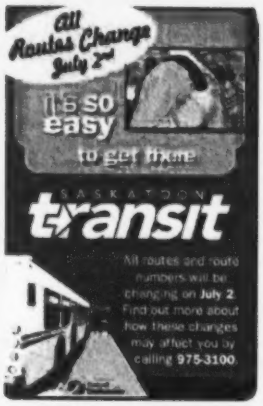
Work was started to develop a single unified look for all environmental initiatives provided by the City of Saskatoon. Launch of the new brand and environmental programs is planned for 2007.

The annual "Saskatoon Recycles" brochure was inserted in the April utility bills to 80,000 customers. The brochure listed the items people could recycle and where to take them. In addition, there was promotion for the annual Household Hazardous Waste Collection days, Earth Day, leaves and grass composting, and Christmas tree recycling. To celebrate Waste Reduction Week in the fall, the 2nd annual "Caught in the Act" campaign randomly awarded prizes to people 'caught in the act' of recycling.

Communication with city residents

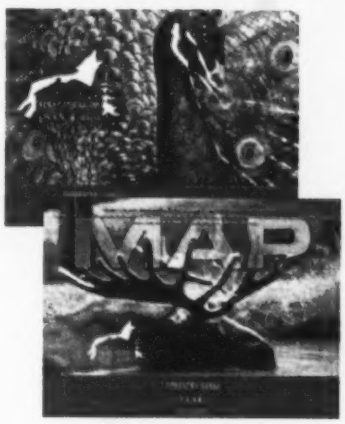
An extensive marketing and communications plan was developed to support the launch of the new Saskatoon Transit service in July. The campaign included pre-launch media advertising and news conferences, as well as post-launch activities.

A new brand was developed for the Saskatoon Forestry Farm Park & Zoo to help position the facility for the future. The brand is being used on facility maps, brochures, entrance signs at the Zoo, directional street signs, and street banners along Attridge Drive.


All Routes Change July 2nd
It's so easy
to get there
SASKATOON
transit
All routes and route numbers will be changing on July 2. Find out more about how these changes may affect you by calling 975-3100.

SASKATOON transit

The launch of the new Transit service



A Natural Place To Be

SASKATOON FORESTRY FARM PARK & ZOO

A National Historic Site

The new look of the Saskatoon Forestry Farm Park & Zoo

On May 26 to celebrate Saskatoon's Centennial, the City hosted an outdoor showcase of civic services. City Council gathered at the Showcase to unveil the Centennial Torch.

An internal committee of civic staff was formed, which gathered ideas from all employees on how the Corporation should celebrate the Centennial in 2006. Many activities were implemented, including Centennial decals on all City vehicles, a civic showcase on Saskatoon's birthday, special Centennial flower bed plantings, and a Centennial float in the Exhibition Week Parade.

Landlord/tenant utility agreements

With the success of the pilot project for landlord/tenant utility service agreements, the City will proceed with full implementation and automation of the program in 2007. The program allows property owners/landlords to sign an agreement with the City. When tenants move out, the landlords do not have to call the City to get the services reconnected in their name; the process is done automatically.

Future Initiatives 2007-2009: Customer Service

The City will research and develop a corporate-wide customer service strategy.

Core Strategy: Environmental Commitment

Exercise responsible, progressive environmental management in the provision of all civic services.

Responsible waste management

Responsible environmental management continues to be a priority for the City. A number of initiatives are used to maximize the life of the existing landfill beyond 25 years.

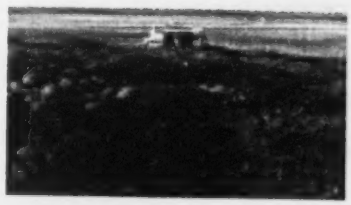
The Waste Management Strategy has been renamed the Saskatoon Waste and Recycling Plan. A consultant has been retained and three advisory groups have been formed: a public advisory group; a technical advisory group; and a local government group. Interested parties have attended "Garbage School" and broad goals and strategies are being discussed. Public open houses will provide residents with more information on this plan, which will be presented to City Council in fall 2007.

The Pleasant Hill neighbourhood was converted from back lane to front street garbage collection in 2006.

A total of nine Household Hazardous Waste Days were held in 2006, seven more than in 2005. Over 600 residents brought paint, chemicals, and other hazardous materials for safe collection and diversion from the Landfill.

Composting and recycling initiatives

Composting programs provide another viable option to reduce the amount of waste materials that end up at civic landfills. A pilot composting program located on McOrmond Drive was launched in 2006. Residents deposited 2,500 bags of leaves and grass between September 23 and November 5. An additional 2,500 bags were collected in the spring, moved to the site and composted. A total of over 1,000 tonnes of material was received at the various composting sites throughout the city and diverted from the Landfill.



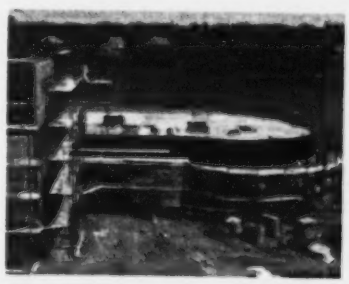
Pumpkins were a new addition at the McOrmond Drive Compost Depot

The Subscription Leaves and Grass Collection Program had over 300 subscribers and provided 14 pickups throughout the year. In October, a new program allowed pumpkins to be brought to the leaves and grass composting depots. The Christmas Tree Recycling Program collected 62 tonnes of trees, which were chipped and composted or used as mulch by City crews.

Recycling depots provided by the City helped divert 6,571 tonnes of paper/cardboard and 861 tonnes of tin cans/white goods/batteries from the landfill in 2006. A one-year trial project was initiated in the three Business Improvement Districts (Downtown, Riversdale, and Broadway). A total of 47 waste and recycling bins were installed, each with receptacles for garbage, recycling bottles and cans, and recycling paper/newspapers. This project will be evaluated in 2007.

Water and wastewater processes

The construction of a sludge handling facility at the Water Treatment Plant is proceeding. The original completion date was scheduled for the end of October 2006. At the present time, the facility commissioning is expected in the spring of 2007.



Construction of the sludge handling facility at the Water Treatment Plant

The grit handling facility project at the Wastewater Treatment Plant is in the detailed design stage. The construction tendering is scheduled for spring 2007.

A new water intake upstream of the Landfill is at the detailed design stage. The completion of this stage is delayed due to federal and provincial regulatory requirements for comprehensive environmental assessment studies. At the present time, construction tendering is scheduled for early 2007.

Environmental management programs

The pilot EMS (Environmental Management System) program at the Water Treatment Plant has been completed. Work has started for implementation within the Environmental Services Branch, including solid waste collections, landfill operations, compost depot operations, and environmental protection sections. The roll-out to the rest of the Corporation will commence in 2007.

Sound attenuation walls were substantially complete at Idylwyld Drive in 2006. The College Drive and Circle Drive sound walls were 75 per cent complete, with the final work expected to be finished in summer 2007.

The City continues to investigate the potential of biomass facilities for power generation. Biomass materials are organic items that can be processed to create energy. The benefits of biomass materials are that they displace the need for fossil fuels to create energy. As well, biofuels are usually "carbon neutral," meaning that they capture as much carbon dioxide in their lifetime as is released when they are processed into energy.

Energy and greenhouse gas management

In support of the climate change programs mandated by the Kyoto Protocol, the City has hired a consultant to complete an Energy and Greenhouse Gas Management Plan. Project work has commenced with community and corporate groups. Forums will be held in 2007 to obtain public input on the draft plan. A report will be presented to City Council in fall 2007.

Landfill gas collection system

Drilling at the Landfill occurred in 2006, and the gas collection system was constructed. Moisture addition and gas monitoring will continue through 2007. Information from the landfill gas collection study will be assessed in 2007.

Future Initiatives 2007-2009: Environmental Commitment

A recycling depot will be opened near Market Mall. The City will partner with Cosmopolitan Industries and Saskatoon Curbside Recycling to implement a pilot plastics recycling program. There will be 17 Household Hazardous Waste Days in 2007. A new landfill cell will be opened at the Regional Waste Management Centre.

The City will continue efforts to develop innovative environmental management programs, including a pilot water conservation program. The downtown Transit terminal will be built to meet LEED (Leadership in Energy and Environmental Design) certification. The Saskatoon Transit fleet will be converted to run on bio-diesel fuel.

Core Strategy: Infrastructure Management

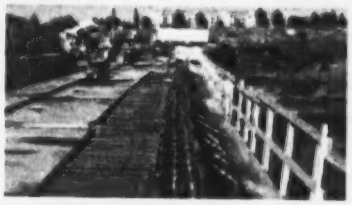
Build, maintain, and operate the City's infrastructure in a manner that maximizes current infrastructure, fosters growth, and is fiscally sustainable.

Planning for future growth

Planning is vital to ensure the current and future needs of this growing, vibrant city are met in a fiscally sustainable manner.

In 2006, work continued on development of a functional design for the south river crossing. The College Drive and Circle Drive overpass opened fully to traffic on October 4, 2006, with construction completed except for landscaping.

The widening of the Circle Drive Bridge continues. The westbound lanes opened in November 2006, with the eastbound lanes set to open in 2007. The new pedestrian walkway will also open in 2007.



Construction for the widening of the westbound lanes on the Circle Drive Bridge

New neighbourhood development

Work continues on lot servicing in Stonebridge, Willowgrove, Hampton Village, and Briarwood. In 2006, 161 lots in Willowgrove and 43 lots in Hampton Village were completely serviced. Servicing of lots in the final phase of Briarwood was finished in 2006. The lot draw for the sale of 66 lots in Briarwood was also completed.

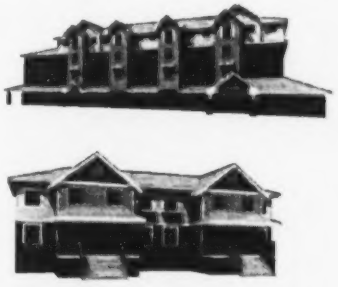
Homes in the new neighbourhood of Stonebridge

Infill development

The Station 20 West project located at the corner of 20th Street and Avenue K is proceeding. The remediation of the land was completed, and two of three parcels of land were transferred to the Saskatchewan Housing Corporation for the infill housing project, which includes a new Library branch.

At the corner of 20th Street and Avenue O, the Pleasant Hill revitalization project was launched with a joint funding announcement from all three levels of government. Work has begun to clear the lots and to service the site. A visioning session was held to gather community input on the eventual use of this area. Housing, park space, and a school were all proposed ideas.

Infill housing is also encouraged through incentive programs such as the Enterprise Zone Program, Downtown Housing Program, and Affordable Housing Program.



Concept plans for the library and housing at Station 20 West

Water treatment and sewer use

The City continues negotiations with SaskPower for land development approvals necessary for the proposed east side water treatment plant and intake facility. Background research was completed on a Sewer Use Bylaw in 2006, and consultations with stakeholders will begin in 2007.

Traffic Bridge

Saskatoon's oldest bridge, the Traffic Bridge, was repaired and re-opened to vehicles in September. The repairs are expected to extend the life of the 100-year-old bridge by 20 years.

Future Initiatives 2007-2009: Infrastructure Management

In preparation for future growth of the city, work will begin on the final design of the south river crossing and on completion of the Clarence Avenue and Circle Drive overpass. The City will also review the concept plan, design, and servicing for the new Rosewood neighbourhood.

The new College Drive and Circle Drive overpass

Core Strategy: Aboriginal Partnerships

Build on the strengths of our existing relationships with Aboriginal communities.

Collaboration on housing initiatives

The City collaborates with Federal, Provincial, and Aboriginal governments to address urban Aboriginal issues. The City continues to support and fund the Central Urban Métis Federation Inc. (CUMFI) and Saskatoon Tribal Council (STC) for affordable housing initiatives. To date, 86 apartment units have been acquired and renovated.

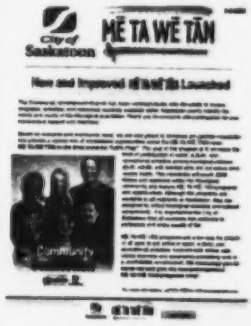
In conjunction with the Saskatoon Tribal Council, and with support from the Saskatoon Landlords Association, a "roles and responsibilities of good rentership" program has been developed. The program has been offered at two core area elementary schools, the Saskatoon Food Bank, and White Buffalo Youth Lodge. The City plans to continue the program in other Saskatoon locations.

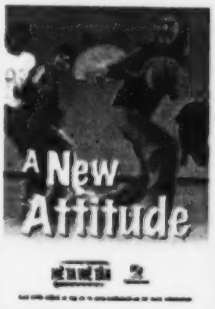
Partnerships for training and community development

The City worked with Saskatoon Regional Economic Development Authority (SREDA) to help facilitate connections between Aboriginal employment organizations and training opportunities. The City also provided SREDA with an overview of the City's outreach recruitment program and contacts. SREDA, with assistance from the City, partnered with the Interprovincial Association of Native Employment (IANE) to promote the benefits of hiring people of Aboriginal ancestry.

The Pleasant Hill activity house was successfully launched in 2006, with the City of Saskatoon contributing $50,000. In addition, a member of the Saskatoon Police Service volunteered with the fundraising and development of this project, which is intended to be self-sustaining when it becomes fully operational.

Aboriginal fitness and leadership programs offered by the City include coaching development, fitness leader certification, and lifeguard certification.





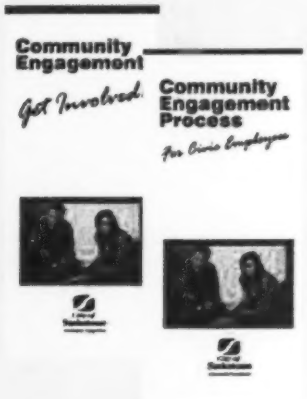
MÈ TA WÈ TÁN, the Cree for word for "let's play", is a civic program to increase the level of participation in sports, culture, and recreational activities among Aboriginal children, youth, adults, and families who are not active on a regular basis.

Future Initiatives 2007-2009: Aboriginal Partnerships

The City of Saskatoon will partner with Whitecap Dakota First Nation to help celebrate the 125th anniversary of the meeting of John Lake and Chief Whitecap. A mentorship placement program with the Saskatchewan Indian Institute of Technologies (SIIT) Accountancy Studies Program will be developed to support career track qualified Aboriginal students into accounting clerk positions.

Core Strategy: Community Development

Enable active community-based participation in issue and problem identification, and resolution.



City of Saskatoon
Community Engagement

Materials for Community Engagement

Public engagement process

In September 2006, the City implemented a new process aimed at promoting public participation and consultation. A variety of resources have been developed, including tool kits, check lists for various types of engagements, and an online manual for administrative staff with information on how to engage the public. The special projects staff within the Community Development Branch provided consultation and training to the various civic departments on these materials and this process. Information has also been provided to community associations about their role in the public engagement process.

Affordable housing

The City continues to promote the development of new downtown housing. New measures implemented in 2006 included incentives for the conversion of commercial and industrial buildings to residential use; tax abatements; and a rebate of taxes during construction of downtown housing projects.

Centennial celebrations

Many civic branches and departments provided assistance to the Citizens' Centennial Committee (CCC) throughout the year in support of their events. Staff from 18 different areas helped with a variety of services, such as road closures, bus service, communications, and public safety. The CCC produced or assisted with over 13 special events, some commemorating the Province's 100th birthday in 2005, and the rest recognizing Saskatoon's 100th birthday in 2006. The highlight of the Centennial activities was the Bridge Party in August, where over 40,000 residents gathered along the Broadway Bridge and riverbank to watch a spectacular fireworks display from the Traffic Bridge.

100 Saskatoon
Our time to shine
2006

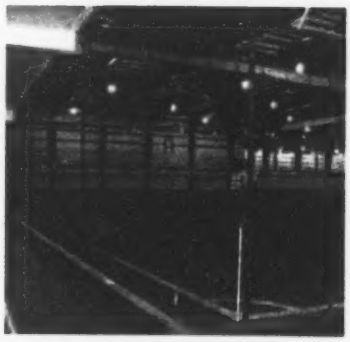
The amazing Centennial Bridge Party on August 26 at Broadway Bridge. Photo courtesy Darrell Noakes

Local Area Plan recommendations

Ninety-two Local Area Plan recommendations have been completed. Eighty recommendations are underway, with another 40 recommendations pending. A status report was provided to City Council in 2006.

Community facilities

Progress continues on the planning for an integrated facility in the Willowgrove neighbourhood. The School Boards have completed studies on the development of elementary schools in northeast Saskatoon and have tabled that information with the Administration. Three options have been developed for the Willowgrove integrated site: a stand-alone civic facility; a civic facility integrated with one school; or a civic facility integrated with both schools.



The new SaskTel Sports Centre and Terry Fox Track in Forest Park

Work is underway on the development of an integrated facility in Blairmore. Phase I of the Recreation Civic Centre is under construction. Phase II, including aquatic facilities and a walking track, is in the detailed design stage, which will be tendered in March 2007. The multi-district park is in the detailed design stage.

The grand opening of the SaskTel Sports Centre and Terry Fox Track was held on September 9, 2006. The operating agreement for the complex was approved by City Council and all partners have signed the agreement.

Core neighbourhood housing

A new Safe Housing Committee was formed in January to address deteriorating housing in core neighbourhoods. Led by Saskatoon Fire and Protective Services, the committee includes representatives from the Saskatoon Police Service, Department of Justice, Community Resources, and the Saskatoon Housing Authority. The Safe Housing Committee shares information and resources between agencies to address issues of substandard and unsafe housing conditions, including the possible existence of unlawful activity that may affect the overall quality of life in any Saskatoon neighbourhood. To date, 39 files have been referred to the Safe Housing Committee.

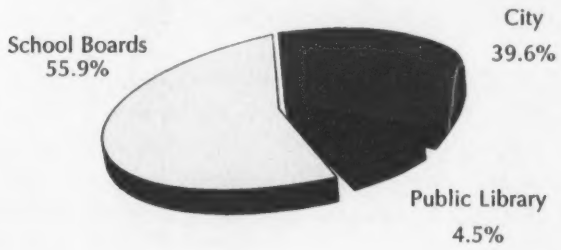
Future Initiatives 2007-2009: Community Development

Work will continue to address substandard housing in core neighborhoods. The City will examine opportunities to partner with the provincial Department of Community Resources to pre-certify available rental properties in older neighbourhoods. Discussions with private sector stakeholders are planned to consider infill opportunities for older neighbourhoods and possible incentives for infill projects.

Core Strategy: Fiscal Responsibility

Manage the collection, stewardship, and allocation of public funds in the delivery of municipal services in a fiscally responsible way.

2006 Distribution of Property Taxes



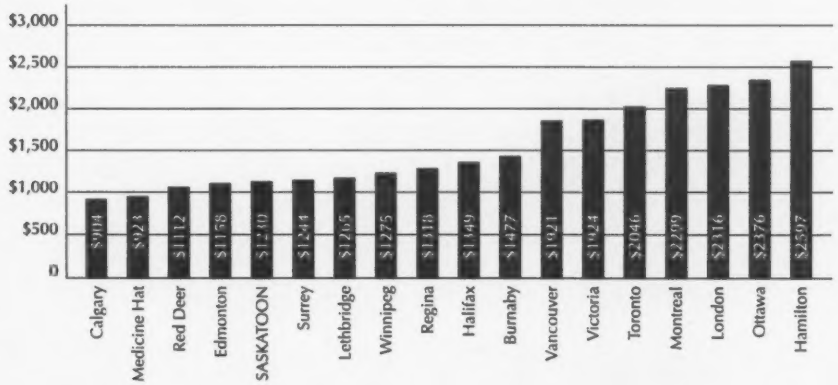
Demonstrate fiscal responsibility

The City of Saskatoon continues to demonstrate a commitment to fiscal responsibility while meeting the needs of the community. The City uses the Consumer Price Index (CPI) as a benchmark for future property tax increases, fees, and charges. The current level of service was maintained during 2006 within the CPI.

The City's "pay as you go" philosophy for recurring capital investments helps ensure that future generations are not financially responsible for the benefits received by today's residents.

An interchange levy has been implemented. A development charge on lot sales will be used to collect funds for future interchanges throughout Saskatoon.

Municipal Property Tax for a Single Detached House in 2006



Source: City of Edmonton, December 2006. For a 25-30 year-old detached 3-bedroom bungalow with a main floor area of 1,200 square feet, finished full basement and a double car garage, on a 6,000 square foot lot. Municipal property taxes do not include school board taxes.

Civic Administration has been meeting with the Government of Saskatchewan to finalize the allocation of Transit funding, and has been participating on the Federation of Canadian Municipalities' (FCM) national working committee on Transit.

Provide support for property assessment reform

Revisions to the provincial property assessment system help provide a fair, open, understandable, and defensible process that leads towards a modern, market-oriented assessment system.

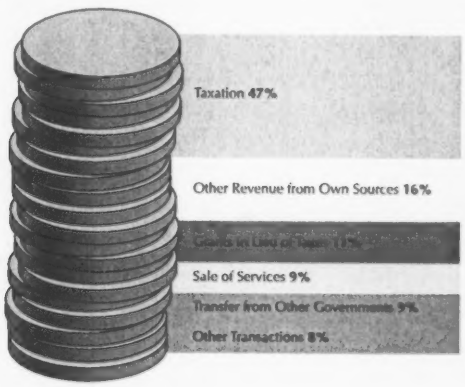
The City continues efforts to support the implementation of the market value system in 2009. All 2004 and 2005 income and expense data has been collected, and the required changes to the Computer Aided Mass Appraisal (CAMA) system have been finalized. An analysis has begun on the data.

Manage the collection and allocation of public funds

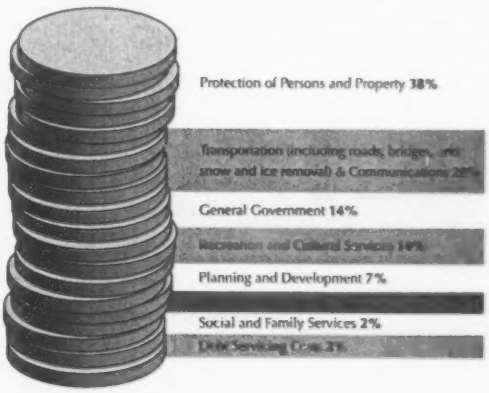
A funding plan for a bridge maintenance reserve has been presented to City Council for consideration.

A report on revisions to the storm water levy has been prepared and is under review. It is expected to be presented to City Council in 2007.

Where the Money to Run the City Comes From



Where Your Municipal Tax Dollars are Spent



Future Initiatives 2007-2009: Fiscal Responsibility

The water and wastewater utility cost of service and rate will be reviewed. Implementation of a new fire hall construction levy is also under consideration.

The City will continue to lobby for predictable and sustainable funding from senior levels of government to rectify the fiscal imbalance.

Core Strategy: Multicultural Cooperation

Recognize the cultural diversity of our community and support growth through immigration.

The 2006 winning poster for the Living in Harmony contest

Enhancing race relations

The implementation of a Cultural Diversity and Race Relations Policy continues to be a priority for the City. In early 2006, a race relations perception survey was completed as part of the measurement and monitoring process.

A standardized template for education materials was developed and is being used in all publications from the Cultural Diversity and Race Relations Office. The Office continues to liaise with community-based organizations with respect to issues around cultural diversity and race relations.

A protocol agreement with the Saskatchewan Human Rights Commission is being developed to deal with complaints of racism received by the City's Cultural Diversity and Race Relations Office. Human Resources and the City Solicitor's Office are also working on this initiative.

2006

CULTURAL CAPITALE CAPITAL CULTURELLE of CANADA du CANADA

For 2006, Saskatoon was designated a Cultural Capital of Canada by the Department of Canadian Heritage. With this designation came funding of 75 per cent of total eligible costs of up to $2 million, to celebrate and build a legacy for arts and culture in Saskatoon. The funding enabled the City to celebrate its centennial including the history of arts and culture in Saskatoon, assist arts and heritage organizations as well as festivals, to profile and promote their programming, and build a cultural legacy for the future.

Promoting immigration

The City continues to work with the federal and provincial governments and Saskatoon Regional Economic Development Authority (SREDA) to encourage expanded immigration to the province and Saskatoon. Consultants have been hired to prepare an issue paper on employment opportunities and retention of the immigrant population in Saskatoon. Meetings have been held with the community, Administration, City Council, and the Cultural Diversity and Race Relations Committee. The report is scheduled to be tabled in 2007.

Future Initiatives 2007-2009: Multicultural Cooperation

The City will complete the integration of cultural diversity into existing employee training and renew cross-cultural training for all corporate employees.

Core Strategy: Community Safety

Optimize the safety and security of our community.

Fire protection

Timely, efficient emergency services are vital to ensuring the safety and security of our growing city. A new fire engine was purchased for use at an existing east side station and an additional 14 staff were hired to facilitate response capabilities. Plans to build a new east side fire station have been deferred until 2009.

Hazardous Materials Response Program

The Saskatoon Police Service and Saskatoon Fire and Protective Services work together to provide a coordinated response to reports of clandestine drug labs or potential explosive devices. Joint training exercises ensure all personnel are fully prepared to handle these situations. Saskatoon Police Service employs eight trained technicians, including one site safety commander and two incident commanders, and provides storage for clandestine lab hazardous materials.

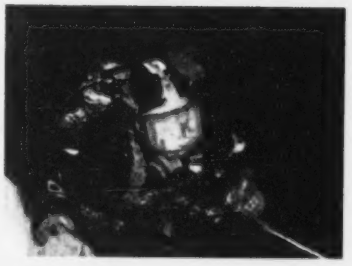
Emergency readiness

Planning and awareness education help protect the well-being of city residents in the event of a major emergency or disaster. The Saskatoon Fire and Protective Services Emergency Measures Coordinator provides basic training to outside agencies and the general public on preparation for a major emergency.

A corporate pandemic preparedness plan is being developed, for approval by City Council and Senior Management in 2007. The plan includes an education program for all corporate staff. The Saskatoon Fire and Protective Services Emergency Measures Coordinator continues to meet regularly with Senior Management, Branch Managers, and key corporate staff on the development of this plan.

Police Service

A new police chief was hired in July 2006. With recent restructuring of the Police Service, there will be an additional 32 officers on patrol in the city, beginning in 2007. Restructuring also provides the public with greater access to Police Managers. The city will be divided into three areas, with one Inspector responsible for each area. The Inspector will be the first point of contact with community associations, special interest groups, and concerned residents.



Various Saskatoon Fire and Protective Services training exercises

Crime prevention and reduction

As part of efforts to prevent and reduce crime in the city, the Saskatoon Police Service works in consultation and partnership with a variety of outside agencies and organizations. These include Saskatchewan Justice, Saskatchewan Corrections and Public Safety, Federation of Saskatchewan Indian Nations, Saskatoon Tribal Council, and Métis Nation - Saskatchewan. Initiatives include implementation of the Crime Prevention Strategy and participation on the Restorative Justice Committee, which seeks alternative responses to crime other than incarceration.

In June 2006, the Gang Reduction Strategy was tabled. This strategy focuses on prevention, intervention, and suppression of gang activity. The City has taken the lead role in the prevention area, and chairs the prevention sub-committee. In addition, the City houses a Community Resource Coordinator position attached to this strategy which is funded through the National Crime Prevention Centre.

Future Initiatives 2007-2009: Community Safety

A new Transit security strategy is being developed. The City will consider possible locations for a permanent new Emergency Operations Centre (EOC). Options include leasing property, which could be sub-leased to both provincial- and federal-level local emergency measures representatives. Research and administrative support will be provided for the Mayor's Committee on Neighbourhood Safety.

History of Saskatoon

From Temperance Colony to Science City

Saskatoon is a young city with a very long history. For thousands of years, this fertile area on the South Saskatchewan River was a gathering place for Northern Plains Indians. You can still see their ancient buffalo kill sites, tipi encampments, and even a medicine wheel at Wanuskewin Heritage Park. It's part of the city's remarkable story.

The city we know today actually has its roots in Toronto, Ontario and a group called the Temperance Colonization Society. In the early 1880s, the society drew up bold plans for a new alcohol-free settlement in the Northwest Territory. They signed up 3,100 prospective colonists to settle more than two million acres.

As it turns out, the federal government granted them 313,000 acres along the South Saskatchewan River. John Lake, head of the Temperance Colonization Society, arrived in the summer of 1882 for a preliminary survey and upon the advice of Moose Woods Chief Whitecap (Wapahaska) chose the east river bank for the settlement. When he returned the next summer, the first settlers came with him. They made the trip from Toronto to Moose Jaw by train, then travelled north by horse-drawn cart. By the fall, there were 23 log or sod homes in the colony. It was a far cry from the original vision of 3,100 settlers – but it was a beginning.

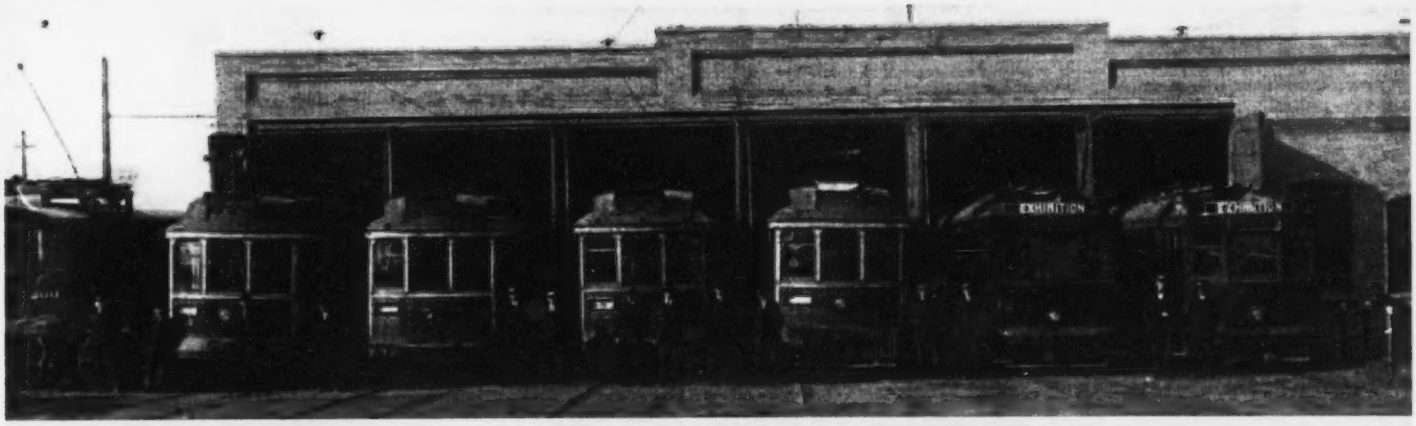
It takes more than pluck to turn a settlement into a city; in those days, it took a railway. That happened in 1890 when the Qu'Appelle, Long Lake and Saskatchewan Railway Company bridged the river at Saskatoon. Temperance Colony leaders eagerly laid out a new town site adjacent to the rail line on the west river bank. They called this site Saskatoon; the original east bank settlement became Nutana, and a new settlement west of the tracks became Riversdale.

Over the next 15 years, the settlement experienced remarkable growth. In 1906, Saskatoon, Nutana, and Riversdale amalgamated to form the City of Saskatoon, population 4,500. Those early days were heady times.

Street car #11 from Mayfair-University Line (1913)

All historic photographs courtesy of Saskatoon Public Library – Local History Room

South Saskatchewan River and Downtown Saskatoon (1906)



Car Barns (1913)
Photo courtesy of City of Saskatoon Archives

In just ten years, the population soared to over 21,000 people. At the height of the 1910-1913 boom, Saskatoon was the fastest growing city in Canada. The city was a transportation hub with three railway bridges and two traffic bridges crossing the South Saskatchewan River. Commercial development in the downtown area boomed. A fire hall, two hospitals, schools, a high school, and university buildings were all constructed. Municipal services were established. In its first year of operation in 1913, the Saskatoon Municipal Railway (now the Saskatoon Transit Service) carried three million passengers.

The start of World War I in 1914 marked the end of the city's first big "boom". During the next three decades, Saskatoon weathered two world wars, a major depression, and devastating drought. And yet it continued to grow, from 31,234 in 1926 to 46,028 in 1946.

The end of World War II was a milestone in Saskatoon's growth, as it was for cities across Canada. Saskatoon's population exploded. Between 1946 and 1966, the population more than doubled – from 46,000 to 115,000 people. The city's boundaries also grew. Within 15 years of 1946, development had extended beyond Preston Avenue, Saskatoon's easternmost boundary since 1911. Within 20 years, houses were being built in the unimaginably distant suburbs of Brevoort Park and Eastview. It was an era of growth and with growth came changes to the city's skyline. The Mendel Art Gallery opened in 1964, the Centennial Auditorium in 1968, the Midtown Plaza in 1970.

Crowd gathering for official opening of Traffic Bridge (1907)

Saskatoon kicked off the new decade by hosting the 1971 Canada Winter Games. It was a milestone in many ways, not least because Mayor Sid Buckwold (later Senator Buckwold) had spearheaded a bold plan to build Mount Blackstrap to host the ski events. The 1970s also saw the opening of two of the city's best known visitor attractions: the Western Development Museum and the Forestry Farm Animal Park, now the Saskatoon Forestry Farm Park & Zoo.

Six Horse Hitch hauling cars from Avenue A and 23rd Street to Barns (1920)

In 1982, the city celebrated the 100th anniversary of the original settlement's founding. It was a time to reflect on the city's remarkable growth, past and present. The population was now over 154,000. To accommodate residents living in newer neighbourhoods in southeast and northeast areas of the city, the new Circle Drive Bridge was built – the first since the Idylwyld Bridge in 1968. The new Saskatchewan Place arena

(now Credit Union Centre) and a City Hall addition were also completed. The decade closed with a bang when Saskatoon again welcomed the country's finest athletes for the 1989 Jeux Canada Summer Games.

Through the 1980s and 1990s, downtown streetscapes and parks enjoyed a rejuvenation that has created the city's welcoming environment of green spaces. In 2001, Prince Charles dedicated the Prince of Wales Promenade as part of the 33rd Street Weir redevelopment along the riverbank. Today, Saskatoon's riverbank parks and walks are among the city's most cherished features.

The technological revolution, begun in the 1980s, also gathered momentum through the decade – and Saskatoon was at the heart of it. By the early 2000s, the city's remarkable scientific infrastructure included Innovation Place, Western College of Veterinary Medicine, Vaccine and Infectious Disease Organization, Agriculture and Agri-Food Canada Research Centre, National Research Council Plant Biotechnology Institute, Saskatchewan Research Council (SRC), POS Pilot Plant, Saskatchewan Structural Sciences Centre, and the Canadian Light Source (CLS) Synchrotron.

The CLS is Canada's only Synchrotron, a national resource that is lighting the way to a new era of science and innovation. This is why the City of Saskatoon came forward with an investment of $2.4 million early in the campaign to help bring the Synchrotron to our city. The inclusion of a municipality as a major partner in a scientific and research undertaking of this kind is quite unprecedented. It represents the kind of "outside-the-box", forward thinking that makes Saskatoon so special. When funding for the $173.4 million light beam project was approved in 1999, it was the largest science project Canada had seen in more than 30 years. Prime Minister Paul Martin was on hand for the official opening in 2004. The city's scientific infrastructure has acted as a magnet, attracting leading scientists, as well as local, national, and international biotechnology, food processing, health, and advanced technology companies. It's also given Saskatoon a new nickname, Science City.

Today, Saskatoon's population has surpassed the 200,000 mark. The city is a commercial hub for the north-central part of the province, incubator of exciting new scientific discoveries, head office to a growing mining and natural resource sector, and home to a vibrant arts and cultural community. 2005 was the Province of Saskatchewan's 100th anniversary, and 2007 will be the University of Saskatchewan's 100th year.

2006 was Saskatoon's centennial year, and the whole community participated in year-long festivities. It was a year of celebrating and remembering the successes of the past and the people who made Saskatoon the great place it is. The next 100 years hold a promise of even more prosperity and growth for Saskatoon.

Broadway Bridge construction (1932)

Financial Management and Control

Corporate Planning Process

City Council's current Strategic Plan sets out a vision for the community, a mission statement, and a set of corporate values and strategies to the year 2006 and beyond. The Administration's three-year Corporate Business Plan is updated annually to support the Strategic Plan. On March 26, 2007, City Council received the current Corporate Business Plan identifying specific initiatives for implementation during the 2007-2009 timeframe. In addition, three-year departmental business plans were developed to ensure progress is made towards the achievement of Council's strategies.

Business plans are used to develop annual budgets. The Capital Budget makes decisions and choices (based on Council's priorities) on which projects will proceed over which timeframe. Long-term capital planning (through the five-year plan) and reserve policies attempt to match required funds to required projects.

The Operating Budget allocates resources under the principle of continuing to deliver existing services and service levels. In addition, it recommends service level changes for specific programs based on a number of factors (usage, demand, ability to pay, growth, legislative change, business case, etc.). Choices are put before Council on issues that have been raised by Council, raised by the public, and/or identified by Administration.

Annual Financial Reports

A number of annual financial reports are submitted to City Council for their information and review, including the financial reports, capital project status reports, performance measurement reports, and the public accounts.

The annual Financial Report (contained within this Annual Report) includes the consolidated financial statements prepared in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These statements are audited by the City's appointed external auditor.

Financial Policies

The City of Saskatoon operates under a number of financial policies, some of which have received formal approval by City Council; others are based on fiscal responsibility.

Property Tax Policies
In 2001, City Council resolved that commercial property be taxed at 1.75 times the residential rate (to be shifted over a 10-year period) and that the effective tax rate between residential, condominium, and multi-family residential classes be equalized.

Investment Policy
City Council has approved a policy on portfolio management, which ensures that City portfolios are invested to primarily achieve the preservation of capital, to maintain liquidity sufficient to meet on-going financial requirements, and to maximize return on investment. Specific guidelines are outlined regarding the type of securities approved for purchase, investment limitations, and term structure.

Reserve Policies
City Council has established reserves through bylaw to fund capital projects, and through policy to provide a source of funds to stabilize specific user pay programs and/or general revenue variances.

The majority of capital work undertaken by the City is funded through dedicated reserves. The purpose, funding source, and withdrawal criteria is specifically outlined within bylaw. City Council approval is required for all withdrawals. The remaining reserves are specifically outlined in policy; a majority of these are used to stabilize specific programs funded through user fees (golf courses), are dependent upon weather (snow and ice management) or are used to fund overall operations against revenue variances (interest earnings).

Debt Management Policies
The City of Saskatoon has operated primarily under a "pay-as-you-go" philosophy whereby its facilities and infrastructure are built based on current and projected reserve balances. The City Council-approved policy on borrowing for capital projects specifically outlines borrowing only if sufficient funds are not otherwise available in existing reserves or through external sources, if funds will be recovered from future operating revenues or operating savings, and/or it would be equitable to extend the capital financing through borrowing for major capital initiatives to future users.

Services Provided by City Departments

Office of the City Manager

The City Manager is the chief administrative officer of the City of Saskatoon. The position is responsible for planning, directing, supervising, coordinating, and controlling all municipal operations as approved by City Council.

The City Manager's responsibilities include providing assistance and advice on various aspects of municipal operations, investigating and reporting on all matters referred by City Council and its committees, and submitting the capital and operating budgets to City Council for review.

The City Manager chairs the Management Committee (comprised of all General Managers, the City Solicitor, the City Clerk, and the Chief of Police as a liaison) which is responsible for coordination of all city-wide management and operational matters.

The City Manager is the direct supervisor of all General Managers and through them, all Branch Managers and civic employees (except for those boards which are responsible to City Council). This includes the appointment, promotion, demotion, and suspension of employees of the City, except those employees appointed directly by City Council.

The City Manager conducts or directs such contacts as are necessary with provincial, federal, or other government officials concerning matters of an administrative nature.

Communications Branch
The Communications Branch plans and directs all corporate communication activities for the civic administration including the development and implementation of public, employee, and media relation strategies. The Branch operates in a consultative capacity to Senior Management on communication issues, and acts as an internal consultant for departments who do not have resources dedicated to marketing and communications.

The Communications Branch manages various corporate communication activities including campaigns, advertising, the distribution of news releases, event management, brochure development, and the production of the employee newsletter "Currents".

In coordination with the Emergency Measures Organization, the Branch also administers the Emergency Public Information Plan.

Community Services Department

The Community Services Department provides programs, services, and resources to create a community in which people of all ages and cultural backgrounds want to live, work, play, and visit. Through community consultation and the dedication of our employees, we continue to strive for excellence.

Land Branch
The Land Branch plans, services, and sells residential, commercial, and industrial lots owned by the City of Saskatoon. The Branch is also responsible for Urban Design which provides design services for streetscape projects and programs primarily in Saskatoon Business Improvement Districts.

Building Standards Branch
The Building Standards Branch issues building and plumbing permits and administers inspection programs related to regulations contained in the Building Bylaw, the Swimming Pool Bylaw, the

Uniform Building and Accessibility Standards Act, the National Building Code and the Plumbing and Drainage Regulations.

Development Services Branch
The Development Services Branch reviews and issues business licenses, facilitates the orderly use and development of property, and supports the conservation of heritage properties.

City Planning Branch
The City Planning Branch is responsible for the preparation and maintenance of the City of Saskatoon Development Plan. The Development Plan is a legal bylaw, which is used to define and control development in Saskatoon to ensure orderly, rational change and growth. The Branch is also responsible for Local Area Planning and administration of the City's Affordable Housing Program.

Community Development Branch
The underlying objective behind the Community Development Branch activities is to provide the support environment and capacity that empowers members of the community. The Branch is also responsible for the Cultural Diversity and Race Relations Policy.

Leisure Services Branch
The Leisure Services Branch ensures that a broad range of sport, culture, parks, and recreation opportunities are available and affordable to residents and visitors. Programming is offered through leisure centres, rinks, a zoo, golf courses, a campground, a speed skating oval, and various park locations.

Business Administration Branch
The Business Administration Branch provides coordinated support for the following functions: financial accountability; implementation and maintenance of business and information management systems; marketing strategies and communication programs; human resource management; and clerical services.

Corporate Services Department

The City of Saskatoon is a large organization with nearly 2,500 full-time, part-time, and seasonal employees. The Corporate Services Department's role is to help the institution work effectively and efficiently. The Department is responsible for the finance function, human resource management, information technology and services, purchasing and inventory, and administrative support services within the Corporation. These responsibilities are delivered through seven branches.

Assessment Branch
This Branch is responsible for providing the assessment of all real property located in the City of Saskatoon through compliance with provincial legislation, and to defend such assessments before the Board of Revision and the Saskatchewan Municipal Board.

Comptroller's Branch
This Branch is responsible for providing corporate financial recording, reporting, and control; supplier payments; administration of the City's Operating and Capital Budget process; employee payroll and benefits; and payments to superannuates. In addition, general financial management services are provided to all departments, boards, and commissions.

Treasurer's Branch
This Branch is responsible for the collection, control, and disbursement of all corporate funds. This includes responsibility for the billing and collection of property taxes, electrical, water and sewer utility services, and matters related to municipal licensing.

Corporate Information Services (CIS) Branch
The mandate of the CIS Branch is to ensure the effective management of the City's information assets and supporting technologies, and to provide professional supply management services to the City. The Branch's mission is 'to assist and enable civic departments to meet their goals and objectives through leadership in technology services and solutions'.

The organization of the Branch consists of a management team and three sections:

- Application Delivery Services
- Corporate Support Services
- Technology Integration Services

a) Corporate Information Services Management
This team is responsible for the overall management of the Branch. CIS is a service branch whose goal is to ensure that we have the technology and related services in place to meet the City's business needs.

In order to meet the increasing demands of the citizens, an Electronic Service Delivery and a Smart Card committee have been formed. The mandate of these committees is to identify the services that the citizens of Saskatoon require and to formulate an implementation strategy.

b) Application Delivery Services
This section is responsible for supporting all of the current corporate information systems, the customization of these systems to meet the City's business needs, development of new applications, the testing (with the client) of new application releases, the implementation and support of Geographic Information Systems, and corporate data administration. This section is also responsible for the Project Office.

c) Corporate Support Services
This section is responsible for the CIS Branch's administration, the running of production computer systems, high speed printing (utility bills, etc.), corporate mail and printing (photocopying) services, computer-related training, the corporate help desk, and corporate supply management services.

d) Technology Integration Services
This section is responsible for providing the technology services required for maintaining and evolving our IT technical infrastructure; planning for future growth, security, database administration, the setup and maintenance of corporate servers, email services, and backup of the production environment. As well this section manages the corporate network, advanced function printing, and Web services design and administration.

Labour Relations Branch
The Labour Relations Branch is responsible for collective bargaining with all unions and associations representing civic employees; implementation, administration, and interpretation of collective agreements, grievance decisions, and arbitration awards; and timely and accurate advice and counsel to City Council and management regarding labour relations issues.

Employment and Compensation Branch
This Branch acts as a central resource in the provision of timely and effective recruitment, as well as classification, job evaluation, and pay research. The Employment Equity Program is also administered through this Branch. Employment Equity is a proactive strategy to ensure that all members of society have fair and equal access to employment opportunities. Employment Equity works toward ensuring that the workplace reflects the composition of the city's working age population.

Employee Services Branch
The Employee Services Branch provides services to individuals, work groups, and departments within the Corporation in the areas of occupational health and safety, employee benefits, and organization and staff development. Programs and services include:

Occupational Health and Safety – safety training, worksite inspections, accident investigations, administration of Workers' Compensation claims, and occupational health initiatives, including wellness, injury prevention, employee rehabilitation, return to work, and work accommodations.

Employee Benefits – in-house expertise on employee benefit plans, preparation and processing of employee benefit entitlements such as superannuation, group life insurance, dental and health insurance, and disability income.

Organization and Staff Development – consulting, facilitation, coaching, training, and coordination to improve performance including strategic planning, participatory decision making, conflict resolution, performance management, managing change, and team building.

Fire and Protective Services Department

Saskatoon Fire and Protective Services (SFPS) provides twenty-four hour emergency response service in conjunction with the Saskatoon Emergency 9-1-1 Telephone System. This gives residents of Saskatoon an emergency protective services delivery system consisting of a wide range

of components for the sole purpose of preventing emergencies and reducing the loss of life and property. SFPS responds to and mitigates emergencies involving the rescue of persons, incidents of fire, unplanned releases of dangerous goods, and pre-hospital emergency medical incidents. SFPS provides community-based, customer-focused service to create a safe and comfortable environment for the residents of Saskatoon.

SFPS protects the City's tax base and supports economic development through extensive inspection, prevention, and enforcement programs carried out by the Fire Prevention and Investigation Division.

The Department's Community Relations Branch works within the community promoting fire safety and injury prevention. Presentations are offered to students, community groups, parenting resource programs, seniors, and employee groups.

SFPS manages the Emergency Measures Organization, which undertakes to ensure a coordinated and timely response in the event of extraordinary emergencies that overwhelm existing resources.

Infrastructure Services Department

The Infrastructure Services Department is responsible for the planning, operation, and maintenance of many of the City's assets including those involved with water distribution, sanitary sewage collection, storm water collection, roadways, bridges, parks and open spaces, public cemeteries, vehicle and equipment fleet, and City-owned buildings and structures. The Department is organized into five branches.

Municipal Engineering Branch
The Municipal Engineering Branch provides planning, design, construction, and regulatory services. Major activities include network planning for municipal services, functional and detailed designs, land development, traffic management and operations, parking control and enforcement, construction and project management services, technical support services, and regulatory control through bylaw enforcement.

Public Works Branch
The Public Works Branch is responsible for the operation, maintenance, and preservation of roads, lanes, sidewalks, water mains, sanitary sewer mains, and storm sewer mains.

Parks Branch
The Parks Branch is responsible for preserving the City of Saskatoon's investment in its park system and civic grounds. This is accomplished through policy development, conceptual planning, design, and construction as well as project management, administration of construction and maintenance contracts, and post-completion of capital projects. The responsibility of the Branch extends to maintenance of civic green space, parks, and boulevards, as well as maintenance and operation of the Woodlawn and Nutana Pioneer Cemeteries, the Greenhouse/Conservatory program, and the Urban Forestry Program.

Facilities Branch
The Facilities Branch is responsible for the City's buildings and structures, the City-owned vehicle and equipment fleet, and the City's radio communications system. As such, the Branch provides for building operation and maintenance of civic facilities such as leisure facilities, fire halls, transit buildings, City office buildings, and contracted services for boards and agencies. Project management services for any capital or maintenance projects are provided, including design, contract tendering and award, and construction management. Energy management, space management, and accommodation planning are also provided. The Facilities Branch is responsible for the purchase, repair, and maintenance of the City's vehicle and equipment fleet, including the mobile and hand-operated parks and turf equipment. Included as part of this are operator certification, training, and equipment safety courses.

Business Administration Branch
The Business Administration Branch is responsible for providing support services to the Department in the areas of financial, system support, clerical, administrative, and human resource services.

Utility Services Department

A "utility" is simply a service provided to the public for a fee such as electricity, water, or transportation. This Department brings together the majority of utilities that generate revenue from fees charged directly to the user. Utility Services is divided into six branches.

Water and Wastewater Treatment Branch
The Water Treatment Plant is responsible for the collection, treatment, and pumping of potable water, and the installation and maintenance of the City's water meters. The Wastewater Treatment Plant is responsible for the treatment of sewage, disposal of residual solids, and the operation and maintenance of the sewage collection pumping stations.

Saskatoon Light & Power
The City of Saskatoon operates an electric utility providing electrical service to the area of Saskatoon that lies generally within the 1958 City boundary. Bulk electrical power is purchased from the provincial Crown utility, SaskPower, and through a system of transmission lines, substations, and distribution lines with associated distribution hardware, this Utility distributes electricity to customers on demand at locations and at voltages appropriate to their needs. The Utility is also responsible for the street lighting system.

Transit Services Branch
The Transit Services Branch operates and maintains Saskatoon's public transit system. The Branch also provides Access Transit for individuals who are unable to use the regular transit system with safety and dignity. The service is provided using lift-equipped buses and cabs within the city limits of Saskatoon on a shared-ride "accessible door to accessible door" basis.

Engineering Services Branch
The Engineering Services Branch is responsible for the operation of the Department's laboratories and the monitoring necessary to meet environmental regulatory requirements.

Environmental Services Branch
The Environmental Services Branch administers programs and capital work relating to resource management and safeguarding the environment. The Branch encompasses environmental issues relating to air quality, soil quality, environmental planning, and resource management. It also is responsible for the collection and disposal of solid waste.

Business Administration Branch
This Branch is responsible for the business functions of the Department, including utility rate design and analysis.

Boards

Saskatoon Police Service
The operations of the Saskatoon Police Service are established under the authority of the Saskatchewan Police Act, Part III, Section 25 and 26, and under the City of Saskatoon Bylaw 5728. The Saskatoon Board of Police Commissioners is appointed by City Council to oversee the police operations and consists of the Mayor, two City Council members, and two citizens-at-large.

The Board is subject to the legislative jurisdiction of the City Council to the extent only that the amount expended for upkeep of the service must not exceed the amount fixed by the current estimates of the Council for that purpose.

The Police Service is equipped and trained for the most current needs in the delivery of a police service in the partnership with the community. They also offer emergency services, take complaints of crime, and conduct follow-up investigations and preventative activities throughout the city on a 24-hour basis.

Credit Union Centre
Credit Union Centre, Western Canada's most versatile and exciting trade, sports, and entertainment centre, was built to eventually accommodate over 16,000 patrons. After opening with a fixed seating capacity of 7,700, Credit Union Centre expanded in the fall of 1990 to 11,300 permanent seats.

In the building's short history it has been the site of World and Canadian sporting championships,

major concerts, and trade shows, and is the home of the Saskatoon Blades of the Western Hockey League. The hosting of these events brings over 700,000 people through Credit Union Centre on an annual basis.

TCU Place (formerly the Saskatoon Centennial Auditorium and Convention Centre)
TCU Place was a project to commemorate the centennial of the founding of the Dominion of Canada. It is an imposing and beautiful building in the heart of the city, adjacent to a major shopping complex, steps away from first-class hotels, restaurants, boutiques, and parking facilities for 2,000 cars. The facility is equipped with sophisticated aids for audio, visual, stage, or exhibit requirements, maintains an in-house catering/banquet service, and is part of a province-wide box office. TCU Place's 2,000 soft-seat concert theatre has brought heartwarming praise from numerous world-class entertainers and artists, touring companies, ballet companies, and local and international performing art groups, and is home of the Saskatoon Symphony.

Construction began in 2005 on the expansion of TCU Place, and was finished in spring 2006. The completion of this expansion created an additional 52,000 square feet, bringing the total area to 104,000 square feet of high-end convention space. TCU Place is poised for the large sized national and international convention market, with first-class convention facilities and services.

In addition, the Box Office is part of the Ticketmaster ticket distribution system that sells tickets not only for TCU Place but also Credit Union Centre and other venues across Canada. TCU Place is owned by the City of Saskatoon and is operated by the Saskatoon Centennial Auditorium and Convention Centre Corporation. The Corporation, as well as the Saskatoon Centennial Auditorium and Convention Centre Foundation, consists of a Board of Directors with representation from City Council and the general public.

Saskatoon Public Library
The Saskatoon Public Library, which first opened for circulation in May 1913, in the basement of the Odd Fellow's Hall, is now a city-wide system consisting of the central library, six branches, and one book trailer. The Library is supported by city taxation and provincial government grants, but direct service to each Saskatoon resident is free of charge.

The Library is a community resource centre, offering books, DVDs, compact discs, video cassettes, CD-ROMs, magazines, newspapers, maps, audio cassettes, telephone books, pamphlets, government documents, trade directories, indexes, and other materials to meet public informational, educational, and recreational needs. City Council minutes, reports, studies, and other civic material are available and may be consulted in the Library.

An automated circulation system operates in the main library, branches, and book trailer. The host computer is housed in the Frances Morrison (Main) Branch Library. This facility makes the collection of the entire system more accessible to all users and allows the Library a much more accurate inventory of the location of materials at any given moment.

The Mendel Art Gallery and Civic Conservatory
The Mendel Art Gallery and Civic Conservatory was opened in 1964 and named to honour Frederick S. Mendel, industrialist and art connoisseur, who established his business and home in Saskatoon in 1940.

Selections from the Gallery's collection are exhibited regularly, along with regularly scheduled contemporary and historical exhibitions of local, national, and international origin. Each year approximately twenty exhibitions are presented without charge for the benefit of Saskatonians and visitors to the city. The Mendel Art Gallery and Civic Conservatory is operated as a civic corporation under a board of appointed trustees.

Financial Report

City of Saskatoon Saskatchewan Canada

City of
Saskatoon

Management's Report

The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of management. The Consolidated Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The preparation of the statements necessarily includes some amounts which are based on the best estimates and judgements of management. Financial data elsewhere in the Annual Report is consistent with that of the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded, and that financial records are reliable for the presentation of financial statements.

The Audit Committee of the City of Saskatoon comprises five elected officials who are appointed annually. The Committee recommends the engagement of the Internal and External Auditors, approves the annual and long-term audit plans, and reviews the audit reports and the audited financial statements for presentation to City Council.

Deloitte & Touche, LLP, Chartered Accountants, the City's appointed external auditors, have audited the Consolidated Financial Statements. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Phil Richards
City Manager
May 28, 2007

Marlys Bilanski, CMA, FCMA
General Manager, Corporate Services

Auditors' Report

Deloitte & Touche LLP
Chartered Accountants

His Worship the Mayor and City Council:

We have audited the Consolidated Statement of Financial Position of the City of Saskatoon as at December 31, 2006 and the Consolidated Statements of Financial Activities and Changes in Financial Position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Saskatoon as at December 31, 2006 and the results of its operations and its changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Saskatoon, Saskatchewan
April 11, 2007

Consolidated Statement of Financial Position

As at December 31, 2006 (in thousands of dollars)

	2005	2006
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 2)	$ 85,889	$ 41,827
Taxes Receivable (Note 3)	10,375	8,464
Accounts Receivable and User Charges (Note 3)	49,978	68,853
Loan Receivable (Note 4)	7,037	6,672
Land Inventory for Resale	24,859	14,250
Other Assets (Note 5)	8,503	8,001
Investments (Note 6)	129,451	145,027
Accrued Pension Asset (Note 8)	84,811	59,469
Total Financial Assets	400,903	352,563
FINANCIAL LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 9)	68,118	76,117
Deferred Revenue - Development Charges	16,051	13,813
Long-Term Liabilities (Note 10)	48,125	42,719
Employee Benefits Payable (Note 11)	19,440	19,534
Total Financial Liabilities	151,734	152,183
Total Net Financial Assets	249,169	200,380
MUNICIPAL POSITION		
Fund Balances (Note 12)	311,139	259,831
Amounts to be recovered (Note 13)	(42,530)	(39,917)
Unfunded Employee Benefits (Note 11)	(19,440)	(19,534)
Total Net Municipal Position	$ 249,169	$ 200,380

See accompanying notes.

Consolidated Statement of Financial Activities

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
REVENUES			
Taxation	$ 109,133	$ 112,520	**$ 112,775**
Grants in Lieu of Taxes	4,154	4,263	**4,181**
User Charges	186,602	201,919	**205,392**
Federation of Municipalities-Green Fund Grant	-	-	**16**
Government Transfers (Note 14)	22,934	36,451	**31,281**
Investment Income	10,804	9,756	**10,007**
Contribution from Developers	36,588	16,300	**55,617**
Other	46,795	45,753	**47,538**
Total Revenues	417,010	426,962	**466,807**
EXPENDITURES			
General Government	24,024	18,220	**24,267**
Protection of Persons and Property	79,332	80,990	**83,182**
Transportation	78,460	99,878	**111,108**
Environmental Health	63,191	74,041	**67,380**
Social and Family Services	4,315	4,767	**5,104**
Planning & Development	17,406	19,320	**18,915**
Recreation and Cultural Services	66,684	76,235	**74,760**
Property Purchases and Development	23,370	49,868	**42,557**
Saskatoon Light & Power	77,818	79,301	**84,241**
Debt Servicing Costs	3,896	4,193	**4,082**
Total Expenditures	438,496	506,813	**515,596**
Excess (Deficiency) of Revenues over Expenditures	(21,486)	(79,851)	**(48,789)**
Net fund balances at the beginning of the year	314,310	-	**311,139**
Change in amount to be recovered			
Long-Term Liabilities	14,758	-	**(3,629)**
Inventory	1,443	-	**1,016**
Change in unfunded employee benefits	2,114	-	**94**
Net fund balances at the end of the year	$ 311,139	$ (79,851)	**$ 259,831**

See accompanying notes.

Consolidated Statement of Changes in Financial Position

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005	2006
Operating Activities:		
Deficiency of Revenues over Expenditures	$ (21,486)	$ (48,789)
Changes in Non-Cash Items		
Taxes Receivable	(736)	1,911
Accounts Receivable and User Charges	(3,025)	(18,875)
Loan Receivable	(7,037)	365
Land Inventory for Resale	(6,665)	10,609
Other Current Assets	(4,167)	502
Accrued Pension Asset	12,059	25,342
Accounts Payable and Accrued Liabilities	14,108	7,999
Deferred Revenue - Development Charges	2,434	(2,238)
Employee Benefits Payable	2,114	94
Cash Used In Operations	(12,401)	(23,080)
Investing Activities		
Net Increase in Investments	(2,242)	(15,576)
Financing Activities		
Debentures issued	32,391	-
Long-Term net debt repaid	(7,458)	(5,406)
	24,933	(5,406)
Increase (Decrease) in Cash and Cash Equivalents	10,290	(44,062)
Opening Cash and Cash Equivalents	75,599	85,889
Closing Cash and Cash Equivalents	$ 85,889	$ 41,827

1. ACCOUNTING POLICIES

The consolidated financial statements of the City of Saskatoon (the City) are prepared by management in accordance with generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

A) Basis of Consolidation

i) The consolidated financial statements reflect the assets, liabilities, revenue, expenditures and fund balances of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the City and which are owned or controlled by the City, namely:

General Revenue and Capital Funds
Board of Police Commissioners
Wastewater Utility
Storm Water Management Utility
Water Utility
Saskatoon Light & Power
Transit Utility
Mendel Art Gallery
Centennial Auditorium (Operating as TCU Place)
Saskatchewan Place (Operating as Credit Union Centre)
Saskatoon Public Library
Reserve Funds

All interfund loans, other than normal trade accounts payable/receivable, have been eliminated through the consolidation. Schedule 4, and supporting Appendices 1 to 6, include only those revenues and expenditures reflected in the City's annual Operating Budget, which is prepared to identify the City's property tax requirements. Excluded from this Schedule are the operations of the Mendel Art Gallery, TCU Place, Credit Union Centre, Saskatoon Public Library, and the Sinking Fund.

ii) Trust funds (see Note 17) and pension funds and their related operations administered by the City are not reflected in the consolidated financial statements.

iii) Accounting for School Board Transactions:

The taxation, other revenues, expenditures, assets, and liabilities with respect to the operations of the school boards, are not reflected in the municipal fund balances of these financial statements. Amounts due to/from school boards are reported on the consolidated Statement of Financial Position as accounts payable/accounts receivable.

1. ACCOUNTING POLICIES (continued)

B) Basis of Accounting

i) Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from development charges for services that have not yet been provided at the time the charges are collected are accounted for as deferred revenue until used for the purposes specified. Expenditures are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

ii) Property tax revenue is based on assessments determined in accordance with Saskatchewan legislation and the formulas, principles, and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded at the time tax billings are issued. Assessments are subject to appeal. A provision has been recorded in Accounts Payable and Accrued Liabilities for potential losses on assessment appeals outstanding as of December 31, 2006.

iii) Inventories held for re-sale are valued at the lower of cost or net realizable value. Cost is determined using average laid-in costs. Inventories of materials and supplies represent amounts to be financed in future years as these inventories are consumed (see Note 13).

iv) Land Inventory for Resale:

Land inventory for resale is recorded at the lower of adjusted cost and net realizable value. Adjusted cost includes amounts for land acquisition and improvements to prepare the land for sale. Land is available for resale when approved for sale by the Land Bank Committee and when all municipal services have been completed.

v) Capital Outlay Financed by Long-term Liabilities to be Recovered in Future Years:

Capital outlay financed by long-term liabilities to be recovered in future years represents the outstanding principal portion of unmatured long-term liabilities for municipal expenditures, less Sinking Fund requirements (see Note 10).

vi) Physical Assets:

The historical cost and accumulated depreciation for physical assets are not recorded for municipal purposes. Physical assets are reported as an expenditure on the Consolidated Statement of Financial Activities in the year of acquisition. The proceeds from debt issues for those physical assets financed by long-term indebtedness are reported on the Consolidated Statement of Financial Activities as amounts to be recovered.

B) Basis of Accounting (continued)

vii) All investments are recorded at cost less any amounts written off to reflect a permanent decline in value. Premiums and discounts are amortized over the life of the investment. Investment transactions are accounted for at the settlement date. Investment income is recorded on the accrual basis.

viii) Deferred Revenue - Development Charges:

The City receives, either from private developers or as a result of the sale of its own developed properties, levies for services which have not yet been provided at the time the levies are collected. These revenues are not recognized until the applicable expenditures for such services are incurred.

ix) The City is one of the primary property developers in the municipality. Expenditures relating to the servicing of new subdivisions within the City are charged against the prepaid services account (which forms part of the unexpended capital financing – see Note 12). Proceeds from the sale of lots are credited to the prepaid services, land bank, or Property Realized reserve for the applicable portion attributable to services or to land. Any property purchased for future land development is funded by the Property Realized Reserve.

x) Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates can be made.

xi) The City of Saskatoon makes contributions to the General Superannuation, Part-Time and Seasonal Employee Superannuation, Police Superannuation, and Fire and Protective Services Department Superannuation Plans on behalf of its staff. Pension expenditures are recorded based on current service requirements and have been included as an expenditure in the current year.

xii) The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures for the year. Actual results could differ from those estimates.

(Dollars in Thousands)

	Cost		Market	
	2005	2006	2005	2006
Cash	$ 3,768	$ 2,682	$ 3,768	$ 2,682
Treasury bills, provincial promissory notes, bankers acceptance, commercial paper	82,121	39,145	82,787	39,551
	$ 85,889	$ 41,827	$ 86,555	$ 42,233

Effective interest rates are 4.04 percent to 4.37 percent.

3. RECEIVABLES

It is the normal practice of the City to review its accounts receivable on a regular basis and write off, against current operating revenues, any accounts which are considered to be uncollectable. A general allowance of $1,776,000 (2005 - $2,853,000) for uncollectable taxes is included in the balance of Taxes Receivable.

4. LOAN RECEIVABLE

City Bylaw No. 8418 was approved by City Council in 2005 to authorize a 15 year loan in the amount of $10,550,000 from the City of Saskatoon to Saskatoon Soccer Centre Inc. for the construction of the North East Soccer Park, in Forest Park, in the City of Saskatoon, Saskatchewan. The total annual payment under the loan is shared by Saskatoon Soccer Centre Inc. and the City of Saskatoon resulting in an amount receivable from the Saskatoon Soccer Centre Inc. of $7,036,850 and a deferred grant of $3,513,150 that is amortized over the life of the loan payments. Interest is recognized as earned at 2.80% to 4.60% over the life of the loan. Security on the loan is by way of an assignment lease against the Henk Ruys Soccer Centre and the North East Soccer Park. The amount receivable and deferred grant as at the end of December 31, 2006 are $6,672,000 and $3,331,000 respectively.

5. OTHER ASSETS

(Dollars in Thousands)

	2005	2006
Prepaid Expenditures	$ 2,580	$ 1,850
Deferred Charges	5,763	5,968
Inventory	160	183
	$ 8,503	**$ 8,001**

6. INVESTMENTS

(Dollars in Thousands)

	Cost		Market	
	2005	2006	2005	2006
Federal, provincial, municipal, federal government agency, and corporate bonds.	**$ 129,451**	**$ 145,027**	**$ 129,459**	**$ 145,033**

Maturities are between 2007 - 2017 with effective interest rates of 4.08 percent to 4.579 percent.

7. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

(Dollars in Thousands)

	2005	2006
Taxation Revenue	$ 244,828	$ 254,137
Taxes collected on Behalf of Others:		
Saskatoon School Division No. 13	(87,747)	(92,217)
St. Paul's Roman Catholic Separate School Division No. 20	(43,202)	(44,386)
Business Improvement Districts	(592)	(578)
Net taxes available for municipal purposes	**$ 113,287**	**$ 116,956**
Comprised of:		
Municipal	109,133	112,775
Grants in Lieu of Taxes	4,154	4,181
	$ 113,287	**$ 116,956**

The Education Act and The Cities Act set out the manner in which collection of taxes and trailer license fees are to be submitted to the School Boards and the Business Improvement Districts. As the City is acting as agent only for the collection of such taxes, these amounts are not reflected in the Schedule of Revenue and Expenditures, nor are the Assets, Liabilities, and Fund Balances of these Boards included in the consolidated financial statements.

8. PENSION PLANS

The City of Saskatoon administers four employee pension plans - the General Superannuation Plan, the Police Superannuation Plan, the Firefighters' Superannuation Plan, and the Part-Time and Seasonal Employee Superannuation Plan. Combined, these plans provide pension benefits for all eligible staff of the City. General, Police, and Firefighters' Plans are contributory defined benefit plans. The Seasonal Plan is a defined contribution plan. In all Plans, contributions are made by Plan members and the City of Saskatoon as stipulated by pension agreements. The defined benefit plans provide for a benefit that is integrated with CPP, and is based on years of contributory service times a percentage of average earnings as defined by each plan. The Part-Time and Seasonal Employee Superannuation Plan provides a benefit based on the annuity that can be purchased with the funds in an employee's account (i.e. a money purchase plan).

The accrued pension asset reflects the three main plans – the Retirement Plan for Employees of the City of Saskatoon Board of Police Commissioners, the Retirement Plan for Employees of the Fire Department of the City of Saskatoon, and the General Superannuation Plan for City of Saskatoon employees not covered by the Police and Fire and Protective Services Departments' Superannuation Plans. The General Plan provides for partial inflation protection on benefits accrued to December 31, 2000. Fire and Police plans have provided for partial ad hoc indexing from time to time in the past. The latest partial increase for the Fire Plan took effect January 1, 2005. The average age of the 2,733 employees accruing service under the Plans is 43.7. There are 41 former employees who are entitled to deferred pension benefits. At present, the Plans provide benefits for 1,252 retirees and surviving spouses; benefit payments were $35 million in 2006.

8. PENSION PLANS (continued)

Employees make contributions of approximately 5.5 percent of salary (7.0 percent for Police Plan members) and the City (Board of Police Commissioners) contributes an equal amount. In 2006, total contributions for current service were $17 million. A separate pension fund is maintained for each Plan. Pension fund assets are invested entirely in marketable investments of organizations external to the City of Saskatoon. The pension liability at December 31 includes the following components:

(Dollars in Thousands)

	2005	2006
Accrued Benefit obligation	$ (669,397)	$ (708,112)
Pension fund assets Marketable securities	717,593	794,078
	48,196	85,966
Unamortized actuarial gains (loss)	40,037	(7,209)
Accrued benefit asset	88,233	78,757
Valuation allowance	(3,422)	(19,288)
Net carrying value of accrued benefit asset	**$ 84,811**	**$ 59,469**

Actuarial valuations for accounting purposes are performed at least triennially using the projected benefit method prorated on services. The most recent valuations were prepared by AON Consulting for the Police Plan as at December 31, 2003, an interim valuation for the Firefighters' Plan as at December 31, 2005, and for the General Plan as at December 31, 2005. The accrued benefit obligations shown for 2006 is based on an extrapolation of the 2003 and 2005 valuations. There is a net unamortized actuarial loss to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups applicable to each of the plans (13.43 years on average).

The actuarial valuations were based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, and employee turnover and mortality. The assumptions used represent the City's best estimates. The expected inflation rate is 3.5 percent (3.0 percent for the Fire Department Plan). The discount rate used to determine the accrued benefit obligation is 6.5 percent.

Pension fund assets are valued using a market-related value which amortizes realized and unrealized gains and losses over a five-year period. The expected rate of return on Plan assets is 6.5 percent (7.0 percent for the Fire Department Plan). The actual rate of return on Plan assets in 2006 was 8.29 percent. The market value of assets at January 1, 2006 and December 31, 2006 was $781,569,000 and $867,563,000 respectively.

8. PENSION PLANS (continued)

The total expenditures related to pensions in 2006 include the following components:

(Dollars in Thousands)

	2005	2006
Current period benefit cost	$ 23,514	$ 25,567
Less: Employee contributions	(7,805)	(8,496)
Plan amendments	-	-
Amortization of actuarial loss	4,634	3,667
Increase (Decrease) in valuation allowance	2,140	15,866
Pension expenditure	22,483	36,604
Interest cost on the average accrued benefit obligation	42,066	43,670
Expected return on average pension plan assets	(44,757)	(46,538)
Pension interest expenditure	(2,691)	(2,868)
Total expenditures related to pensions	$ 19,792	$ 33,736

The total pension expenditures related to pensions are included in the Consolidated Statement of Financial Activities.

9. LANDFILL LIABILITY

Included in liabilities is $3,388,200 (2005 - $3,185,300) of the estimated total landfill closure and post closure care expenditures of $3,452,700. The balance is included under Reserves (Landfill Reserve). The estimated liability for these expenditures is recognized as the landfill site's capacity is used and the reported liability represents the portion of the estimated total expenditures recognized as at December 31, 2006, based on the cumulative capacity used at that date, compared to the total estimated landfill capacity. Estimated total expenditures represent the sum of the discounted future cash flows for closure and post closure care activities discounted at the City's average long-term borrowing rate of 4.61 percent.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection, and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a forty-year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the landfill is 43.29 percent of its total estimated capacity and its estimated remaining life is 26 years. The period for post closure care is estimated to be 40 years.

10. LONG-TERM LIABILITIES

A) Debt

(Dollars in Thousands)

	2005	2006		
Year Repayable	**Total Debt**	**Debenture Debt**	**Sinking Fund Debt**	**Total Debt**
2006	$ 5,406	$ -	$ -	$ -
2007	4,708	4,046	662	4,708
2008	5,141	4,192	949	5,141
2009	4,356	4,356	-	4,356
2010	4,538	4,538	-	4,538
2011	4,737	4,737	-	4,737
2012	4,954	4,954	-	4,954
2013	2,981	2,981	-	2,981
2014	3,108	3,108	-	3,108
2015	3,245	3,245	-	3,245
2016	908	908	-	908
2017	947	947	-	947
2018	988	988	-	988
2019	1,031	1,031	-	1,031
2020	1,077	1,077	-	1,077
Total Debt	$ 48,125	$ 41,108	$ 1,611	$ 42,719
Sinking funds accumulated to retire debt	(2,689)			(1,459)
Net Debt	**$ 45,436**			**$ 41,260**

Interest rates range from 2.95 percent to 10.25 percent. All long-term debt instruments have been issued in Canadian Funds.

B) Of the total long-term liabilities of $42,719,000 (2005 - $48,125,000) the following are held by the City as long-term investments:

(Dollars in Thousands)

	2005	2006
i) Consolidated Funds	$ 3,403	$ 1,804
ii) Sinking Fund	-	-
	$ 3,403	**$ 1,804**

10. LONG-TERM LIABILITIES (continued)

C) The regulations under *The Cities Act* require that individual debenture issue bylaws be submitted, reviewed, and approved by the Saskatchewan Municipal Board (SMB) with the exception that an urban municipality with a population greater than 30,000 can apply to the SMB for a debt limit. The City of Saskatoon's debt limit is $298,000,000 as approved by the SMB.

11. EMPLOYEE BENEFITS PAYABLE

Vacation leave is credited to employees on a monthly basis based on contractual obligations. Such credits are accumulated from the period April 1 to March 31 and may not be taken in advance. Therefore, credits earned from April 1, 2006 to December 31, 2006 would normally be available to employees after April 1, 2007.

The City operates a number of Sick Leave Benefit Plans as stipulated within agreements with the various Unions and Associations of employees. These plans are based on the accumulation of sick leave credits to a specified maximum, or are guaranteed long-term disability plans. For those Unions with accumulated sick leave plans, the employee is entitled to a cash payment under specified circumstances, including retirements, based upon a formula stipulated in the union agreements.

Employee benefits payable are recorded as financial liabilities on the Consolidated Statement of Financial Position, offset by a reduction in fund balances. The total of these liabilities is as follows:

(Dollars in Thousands)

	2005	2006
a) Vacation leave accrual	$ 12,250	$ 12,729
b) Sick leave credits	7,190	6,805
	$ 19,440	$ 19,534

12. FUND BALANCES

(Dollars in Thousands)

	2005	2006
Funds to offset taxation or user charges in future years (Schedule 1)	$ 84,332	$ 54,238
Unexpended capital financing (Schedule 2)	97,216	105,983
Reserves (Schedule 3)	129,591	99,610
	$ 311,139	$ 259,831

13. AMOUNTS TO BE RECOVERED

(Dollars in Thousands)

	2005	2006
Capital outlay financed by long-term liabilities to be recovered in future years (Note 1b(v))	$ 34,886	$ 31,257
Inventory of materials and supplies	7,644	8,660
	$ 42,530	**$ 39,917**

14. GOVERNMENT TRANSFERS

The following transfers have been included in revenues:

(Dollars in Thousands)

	2005	2006
Operating Transfers		
Federal	$ 489	$ 584
Provincial	14,160	18,750
	14,649	19,334
Capital Transfers		
Federal	7,040	4,381
Provincial	1,245	7,566
	8,285	11,947
	$ 22,934	**$ 31,281**

15. CONTINGENCIES

A) Various lawsuits and claims are pending by and against the City. It is the opinion of management that final determination of these claims will not materially affect the financial position of the City.

B) Contractual Obligations - The City of Saskatoon has not entered into any long-term contractual obligations, the recognition of which would materially affect these financial statements.

16. PROPERTY REALIZED RESERVE

The Property Realized Reserve, which is included on Schedule 3, is reported net of all withdrawals. This practice does not recognize the value of assets for property purchased but not yet sold, or repayable advances of funds. At December 31, 2006, the gross value of the Property Realized Reserve is estimated to be $35,917,000 (2005 - $44,487,000) itemized as follows:

16. PROPERTY REALIZED RESERVE (continued)

(Dollars in Thousands)

	2005	2006
Gross Value of Reserve, December 31	$ 44,487	$ 35,917
Advances Repayable From Future Revenue Fund Provisions	(6,196)	(4,935)
Property Purchased from Reserve and not yet re-sold (at estimated cost)	(18,385)	(23,149)
Net Balance of Reserve, December 31	**$ 19,906**	**$ 7,833**

17. TRUST FUNDS

The City administers two trust funds, the Cemetery Perpetual Care Fund and the Group Insurance Trust Fund. The reserve balances in these trusts are $2,857,000 (2005 - $2,787,000) and $244,000 (2005 - $344,000) respectively.

18. EXPENDITURES BY OBJECT

The following is a summary of the expenditures reported on the Consolidated Statement of Financial Activities by object of expenditures:

(Dollars in Thousands)

	2005	2006
Wages and benefits	$ 160,665	$180,014
Capital expenditures	118,642	161,806
Heating, lighting, power, water, and telephone	69,690	76,409
Contracted and general services	65,105	71,622
Materials, goods, and supplies	15,619	16,081
Finance charges	4,268	4,550
Donations, grants, and subsidies	4,507	5,114
	$ 438,496	**$515,596**

Schedule 1

Schedule of Funds to Offset Taxation or User Charges in Future Years

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005	2006
Balance, Beginning of Year	$ 97,398	**$ 84,332**
Transfer to Snow and Ice Management Contingency Reserve	(812)	**(1,050)**
Transfer to Access Transit Program	(100)	**(166)**
Transfer to Landfill Replacement Reserve	(100)	**(240)**
Transfer to the Municipal Enterprise Zone	(1,000)	**(500)**
Transfer to Canada-Saskatchewan-Saskatoon Urban Development Agreement	(500)	**(500)**
Transfer to the Western Development Museum	-	**(250)**
Decrease in Accrued Pension Asset	(12,059)	**(25,342)**
Decrease (Increase) in Landfill Closure/Post Closure Care Liability	(1,201)	**(203)**
Surplus (deficit) for the Year (Schedule 4)	2,706	**(1,843)**
Balance, End of Year	$ 84,332	**$ 54,238**

Schedule 2

Schedule of Capital Operations

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
SOURCES OF FUNDS			
Province of Saskatchewan	$ 358	$ 2,511	$ 8,152
Saskatchewan Water Corporation	23	-	250
Cultural Capitals of Canada Program	-	-	30
Transport Canada	137	-	-
Federation of Municipalities-Green Fund Grant	-	-	16
Federal Gas Tax Program	-	3,646	3,647
Federal Transit Funding Program	-	4,738	-
Canada-Saskatchewan Infrastructure Program	5,225	-	34
Canada Strategic Infrastructure Fund	-	3,190	-
Government of Canada	-	573	59
Municipal Rural Infrastructure Fund	1,502	-	399
Taxation	50	50	1,376
Debentures	21,841	38,674	-
Contributions from Developers, Benefitting Property Owners and Other Users	5,820	14,247	15,250
Appropriations			
Sinking Fund	-	497	3,000
2004 operating surplus	100	-	-
2005 operating surplus	-	-	500
From Reserves	97,903	110,488	127,836
	132,959	178,614	160,549
EXPENDITURES			
General Government	4,033	2,499	3,002
Protection of Persons and Property	1,688	2,174	1,799
Transportation	35,711	59,149	60,357
Environmental Health	26,308	38,669	27,553
Social and Family Services	541	665	737
Planning & Development	3,597	5,148	3,633
Recreation and Cultural Services	6,373	13,099	8,237
Property Purchases and Development	24,000	49,868	36,162
Saskatoon Light & Power Expansion and Replacements	9,431	7,343	10,302
	111,682	178,614	151,782
Increase in Unexpended Capital Financing	21,277		8,767
Unexpended Capital Financing, Beginning of Year	75,939		97,216
Unexpended Capital Financing, End of Year	$ 97,216		$ 105,983

Schedule 3

Schedule of Reserves

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005	2006
REPLACEMENT		
Access Transit	$ 25	$ 299
Albert Community Centre	68	68
Automated Garbage Containers	245	297
Boards:		
TCU Place	623	(503)
Saskatoon Public Library	1,303	1,606
Mendel Art Gallery	68	74
Credit Union Centre	959	1,054
Buildings and Grounds Equipment	359	278
Bus Replacement	7,656	2,065
Civic Vehicles and Equipment	2,221	2,136
Saskatoon Light & Power	7,368	8,554
Computer Equipment	378	736
Fire Equipment	130	119
Fire Apparatus	96	700
Infrastructure Replacement:		
Surface Improvements	278	73
Water and Sewer Replacements	1,616	1,658
Parks	94	(421)
Storm Water Management	(111)	(38)
Landfill	(648)	374
Landfill - Buildings and Equipment	119	119
Leisure Services Equipment	308	216
Photocopy Machine	173	258
Police - Vehicle/Radio	289	494
Radio Trunking	1	75
Wastewater Collection/Treatment	869	888
Water Utility	3,326	3,194
Weigh Scales	181	181
Balance, End of Year	$ 27,994	$ 24,554

Schedule 3

Schedule of Reserves (continued)

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005	2006
FUTURE EXPENDITURES		
Access Transit	$ 178	$ -
Access Transit Stabilization	-	-
Animal Services	61	80
Animal Trading - Zoo	69	65
Affordable Housing-Capital	99	99
Affordable Housing-Operating	3,023	3,408
Boards:		
TCU Place	(2,682)	86
Saskatoon Public Library	6,512	7,767
Mendel Art Gallery	35	179
Credit Union Centre	918	1,477
Building Permits/Inspections	1,027	1,265
Campsite	32	46
Cemetery Stabilization	-	-
Civic Buildings Comprehensive Maintenance	3,159	3,492
Civic Hospitality	-	10
Community Support Grant	21	29
Corporate Information Systems Development	257	315
Dedicated Lands	1,093	1,552
Dedicated Roadways	936	1,000
Downtown Housing	180	160
Saskatoon Light & Power Distribution Extension	1,425	368
Saskatoon Light & Power Revenue Stabilization	868	1,238
Fire Department Uniforms	329	275
Forestry Farm Park Development	10	20
Forestry Farm Auditorium	5	6
Forestry Farm Park Capital	-	-
General Voting	148	54
Golf Courses Stabilization	-	-
Golf Courses Capital	188	173
Heritage Fund	243	259
Holiday Park Golf Course Development	28	72
Insurance Deductible	-	-
Interest Stabilization	1,997	2,521
Kinsmen Park Rides	45	18
Land Bank	1,912	2,209
Land Operations	2,077	2,173
Neighborhood Park Enhancement	524	597
Subtotal to next page	$ 24,717	$ 31,013

Schedule 3

Schedule of Reserves (continued)

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005	2006
Subtotal from Previous Page	$ 24,717	$ 31,013
Parking Facilities	1,316	1,265
Pest Control	62	65
Police Facilities Major Repair	32	540
Police Equipment	166	82
Planning Levy	278	289
Prepaid Services	35,533	10,770
Property Realized	19,906	7,833
Public Works Buildings	99	127
Reserve for Capital Expenditures	542	3,886
Revenue Stabilization	4,179	3,675
Sinking Fund	3,487	601
Snow and Ice Management Contingency	440	-
Special Events	103	(68)
Spectator Ball Fields	8	8
Sports Participation	53	65
Storm Water Management Utility Stabilization	554	566
Streetscape	514	986
Sundry	6,808	6,082
Traffic Noise Attenuation	(151)	10
Traffic Safety	-	(43)
Transit Capital	1,150	399
Transit Stabilization	980	242
Transportation Infrastructure Expansion	188	119
UDA Agreement Reserve	-	610
Vehicle and Equipment Acquisition	137	285
Vehicle and Equipment Stabilization	-	-
Waste Minimization	100	35
Wastewater Collection/Treatment Capital	(1,594)	1,624
Water and Wastewater Utility Stabilization	1,741	1,791
Water Capital Projects	249	2,199
Balance, End of Year	$ 101,597	$ 75,056
Total Reserves, End of Year	$ 129,591	$ 99,610

Schedule 4

Schedule of Revenues and Expenditures

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
REVENUES			
Taxation	$ 97,795	$ 100,948	**$ 101,104**
Grants in Lieu of Taxes	21,332	22,671	**22,646**
Services Provided to Other Governments	803	792	**807**
Sale of Services	18,461	19,512	**18,748**
Other Revenue from Own Sources	33,803	35,064	**34,178**
Transfers from Other Governments	13,462	17,359	**18,219**
Other Transactions	17,808	17,449	**17,448**
Total Revenues for the Year (Appendix 1)	203,464	213,795	**213,150**
EXPENDITURES			
General Government	27,995	29,876	**29,939**
Protection of Persons and Property	75,676	81,469	**82,063**
Transportation & Communications	40,543	41,740	**42,686**
Environmental Health	6,265	6,517	**6,556**
Social and Family Services	3,761	4,137	**4,101**
Planning and Development	13,846	14,653	**14,899**
Recreation and Cultural Services	28,178	30,552	**29,795**
Debt Servicing Costs	4,494	4,851	**4,954**
Total Expenditures for the Year (Appendix 2)	200,758	213,795	**214,993**
SURPLUS (DEFICIT)	$ 2,706	$ -	**$ (1,843)**

Appendix 1

Schedule of Revenues

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
TAXATION			
Property Levy	$ 97,005	$ 100,253	**$ 100,414**
Local Improvements Levy	146	63	**63**
Municipal Services Agreement	108	107	**106**
Trailer Occupancy	72	75	**82**
Amusement	504	500	**532**
Tax Discounts	(40)	(50)	**(45)**
Contribution to Capital	-	-	**(48)**
	97,795	100,948	**101,104**
GRANTS IN LIEU OF TAXES			
Senior Governments and Agencies	4,154	4,200	**4,181**
Land Bank	9	64	**25**
Own Utilities			
Water	2,302	2,566	**2,575**
Saskatoon Light & Power	14,044	14,921	**14,935**
Transit	117	118	**118**
Wastewater	706	802	**812**
	21,332	22,671	**22,646**
SERVICES PROVIDED TO OTHER GOVERNMENTS			
R.M. of Corman Park	60	60	**60**
Federal Government	-	-	**-**
Provincial Government	743	732	**747**
	803	792	**807**

Appendix 1

Schedule of Revenues (continued)

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
SALE OF SERVICES			
Legal Fees	$ 132	$ 120	$ 129
Tax Searches and Enforcement	157	160	175
Police	814	791	851
Fire	132	42	106
Engineering	35	32	38
Parking	3,110	3,000	2,985
Solid Waste Management	2,290	2,240	2,258
Environmental Protection	179	178	115
Transportation	130	132	146
Cemetery	611	768	637
Planning	290	261	264
Tourist Campsite	244	247	265
Forestry Farm Park	302	330	408
Kinsmen Park Rides	143	187	143
Albert Community Centre	125	123	123
Marr Residence	1	1	2
Swimming Pools	257	311	287
Golf Courses	2,102	2,824	2,197
Skating Rinks	1,414	1,517	1,480
Recreation/Competitive Facilities:			
Rentals	2,868	2,871	2,935
Programming	2,896	3,145	3,006
Ball Fields	43	41	17
Outdoor Sports Fields	186	191	181
	18,461	19,512	18,748
OTHER REVENUE FROM OWN SOURCE			
Licenses and Permits	2,729	2,640	3,112
Fines and Penalties	4,571	4,601	4,195
Automated Enforcement Fines	24	648	554
Property Rentals	681	646	731
Franchise Fees	14,562	15,354	15,229
Interest Earnings	9,747	9,706	9,025
Tax Penalties	1,343	1,300	1,198
Other Revenue	146	169	134
	33,803	35,064	34,178

Appendix 1

Schedule of Revenues (continued)

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
TRANSFERS FROM OTHER GOVERNMENTS			
Federal:			
Employment	$ 5	$ 5	$ 6
Police - Special Programs	160	90	264
Fire - Special Programs	-	-	-
Community Development	35	35	60
City Clerk's - Special Programs	6	2	-
Provincial:			
Revenue Sharing	10,431	14,357	14,371
West Nile Virus Control	259	-	265
Police - Special Programs	1,905	2,161	2,501
Fire - Special Programs	13	78	79
Access Transit	575	581	575
Community Development	49	30	70
Heritage	4	-	8
Dutch Elm Disease	20	20	20
	13,462	17,359	18,219
OTHER TRANSACTIONS			
Own Utilities Surplus:			
Saskatoon Light & Power (Appendix 6)	15,999	15,582	15,582
Administration Recovery	1,756	1,805	1,805
Other	53	62	61
	17,808	17,449	17,448
TOTAL REVENUE	$ 203,464	$ 213,795	$ 213,150

Appendix 2
Schedule of Expenditures
For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
GENERAL GOVERNMENT			
Legislative	$ 758	$ 940	$ 843
Administrative	5,868	6,052	6,298
Financial	4,616	5,234	5,108
Assessment	2,415	2,561	2,588
Common Services	12,945	13,928	13,407
General Payroll Costs	561	864	889
Other	532	-	393
Grants	50	50	50
Tax Abatements	240	244	359
Local Improvement Tax on Exempt Property	10	3	4
	27,995	29,876	29,939
PROTECTION OF PERSONS AND PROPERTY			
Police	46,099	50,229	50,236
Prov of Saskatchewan - Court Costs	1,061	1,080	955
Automated Enforcement	56	648	561
Fire	24,823	26,229	26,271
Emergency Measures	91	158	147
Inspections	1,966	1,803	2,289
Animal and Pest Control	1,580	1,322	1,604
	75,676	81,469	82,063
TRANSPORTATION			
Engineering	2,068	2,461	2,235
Roads and Streets	2,873	3,123	2,633
Drainage and Snow Removal	2,934	3,151	5,081
Street Cleaning	1,423	1,372	1,504
Bridges, Crossings and Subways	389	455	384
Street Lighting	4,267	3,706	3,719
Transportation Services	11,333	11,486	11,221
Parking	2,791	2,764	2,687
Transit Operations (Appendix 7)	12,465	13,222	13,222
	40,543	41,740	42,686

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
ENVIRONMENTAL HEALTH			
Waste Collection and Disposal	$ 5,471	$ 5,675	$ 5,830
Environmental Protection	794	842	726
	6,265	6,517	6,556
SOCIAL AND FAMILY SERVICES			
Cemetery	775	917	867
Burial of Indigents	25	25	27
Access Transit	1,879	2,089	2,179
Social Housing	187	202	147
White Buffalo Youth Lodge	103	105	105
Safer City	26	27	29
Detoxification Centre	100	100	100
Grants	666	672	647
	3,761	4,137	4,101
PLANNING AND DEVELOPMENT			
Planning	2,614	2,793	2,806
Buildings and Grounds Maintenance	8,837	9,531	9,484
Tourist Campsite	244	247	265
Tourism Saskatoon	349	354	354
Economic Development	1,054	914	1,220
Meewasin Valley Authority	612	625	625
Business Improvement Districts	88	90	90
Urban Design	48	99	55
	13,846	14,653	14,899

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
RECREATIONAL AND CULTURAL SERVICES			
Administration	$ 1,842	$ 1,946	$ 1,873
Forestry Farm Park	1,404	1,647	1,623
Community Services	2,189	2,386	2,406
Kinsmen Park Rides	143	187	143
Albert Community Centre	203	221	185
Marr Residence	15	18	13
Swimming Pools	1,720	1,690	1,605
Golf Courses	2,339	2,824	2,512
Skating Rinks	1,645	1,756	1,709
Recreation/Competitive Facilities			
Rentals	5,299	5,900	5,823
Programming	4,508	4,791	4,715
Ball Fields	205	215	203
Outdoor Sports Fields	274	280	281
Boards			
Credit Union Centre	513	545	545
TCU Place	1,296	1,323	1,323
Mendel Art Gallery	1,524	1,606	1,606
Building Maintenance	602	612	603
Program Development	1,207	1,234	1,256
Subsidy - Minor Sports	966	1,037	1,037
Wanuskewin Heritage Park	184	184	184
Special Events	100	150	150
	28,178	30,552	29,795
DEBT SERVICING			
Debt Charges	3,936	4,187	4,310
Interest Paid to Utilities	400	495	494
Banking Services	158	169	150
	4,494	4,851	4,954
TOTAL EXPENDITURES	$ 200,758	$ 213,795	$ 214,993

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
REVENUES			
Metered	$ 23,636	$ 29,057	**$ 29,136**
Infrastructure Levy	2,921	3,207	**3,218**
Miscellaneous	113	115	**114**
Fire Protection Charge	603	603	**603**
Late Payment Penalties	132	118	**134**
	27,405	33,100	**33,205**
EXPENDITURES			
General	5,102	5,338	**5,356**
Treatment and Pumping	5,815	5,928	**6,467**
Buildings and Grounds	418	475	**451**
Meters	937	1,079	**1,025**
Watermains	4,277	4,368	**4,353**
Hydrants	583	608	**540**
Services	1,373	1,381	**1,570**
Contribution to Capital Reserves	6,545	10,715	**10,758**
Debt Charges	3,319	3,208	**3,208**
	28,369	33,100	**33,728**
DEFICIT BEFORE TRANSFER FROM RESERVE	(964)	-	**(523)**
TRANSFER FROM STABILIZATION RESERVE	964	-	**523**
SURPLUS (DEFICIT)	$ -	$ -	**$ -**

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
REVENUES			
Metered	$ 19,628	$ 20,577	$ 20,765
Infrastructure Levy	4,034	4,428	4,443
Flood Protection Levy	362	1,846	1,824
Late Payment Penalties	88	78	89
Miscellaneous Revenue	537	546	496
	24,649	27,475	27,617
EXPENDITURES			
General	2,765	2,848	2,900
Lift Stations	772	781	775
Pollution Control Plant	4,560	4,752	4,476
Sludge Handling & Disposal	1,372	1,404	1,517
Sewer Engineering	299	310	290
Sewer Inspections	271	292	298
Sewer Maintenance	2,197	2,345	2,242
Service Connections	1,175	1,762	1,359
Contribution to Capital Reserves	6,059	11,779	11,802
Debt Charges	4,767	1,202	1,385
	24,237	27,475	27,044
SURPLUS BEFORE TRANSFER TO RESERVE	412	-	573
TRANSFER TO STABILIZATION RESERVE	(412)	-	(573)
SURPLUS (DEFICIT)	$ -	$ -	$ -

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
REVENUES			
Metered	$ 2,458	$ 2,492	$ 2,479
Late Payment Penalties	9	8	9
	2,467	2,500	2,488
EXPENDITURES			
General	171	209	184
Storm Sewer Engineering	153	139	157
Storm Sewer Maintenance	783	712	660
Drainage	361	334	369
Contribution to Capital Reserves	1,024	1,106	1,106
	2,492	2,500	2,476
SURPLUS (DEFICIT) BEFORE TRANSFER TO (FROM) RESERVE	(25)	-	12
TRANSFER (TO) FROM STABILIZATION RESERVE	25	-	(12)
SURPLUS (DEFICIT)	$ -	$ -	$ -

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
REVENUES			
Metered Revenue	$ 93,607	$ 99,447	**$ 99,547**
Municipal Surcharge	9,360	9,945	**9,954**
Service Connection Fees	498	509	**506**
Miscellaneous	256	345	**353**
Tax Collection Commission	2	2	**2**
Late Payment Penalties	220	196	**223**
	103,943	110,444	**110,585**
EXPENDITURES			
General	17,439	18,394	**18,346**
Power Purchased	57,055	62,832	**62,952**
Buildings and Grounds	431	398	**472**
Poles, Lines and Feeders	2,751	2,820	**2,327**
Substations	796	643	**652**
Street Lighting	815	685	**855**
Meters	918	914	**864**
System Operations	114	117	**105**
Provision for Capital Extension	2,045	1,912	**1,934**
Provision for Capital Replacement	5,811	6,147	**6,125**
	88,175	94,862	**94,632**
SURPLUS BEFORE TRANSFER TO RESERVE	15,768	15,582	**15,953**
TRANSFER (TO) FROM STABILIZATION RESERVE	231	-	**(371)**
SURPLUS	$ 15,999	$ 15,582	**$ 15,582**

Appendix 7
Transit Utility
Statement of Revenues and Expenditures

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005 Actual	2006 Budget (unaudited)	2006 Actual
REVENUES			
Mail Carriers	$ 31	$ 33	$ 32
Passes	4,229	4,492	4,419
Cash Fares	2,126	2,306	2,072
Ticket Sales	1,837	1,910	1,807
Charter	874	803	769
Senior Citizens Passes	333	353	338
General Services Operating Allowance	12,465	13,222	13,222
Advertising	297	292	298
Province of Saskatchewan	-	-	82
	22,192	23,411	23,039
EXPENDITURES			
General	1,913	1,676	1,683
Transportation			
Planning	215	256	192
Operating	12,080	12,904	13,523
Supervision	1,089	1,078	1,165
Customer Services	632	664	631
Equipment Servicing	2,629	3,108	2,969
Equipment Repair	297	398	336
Stores	96	104	97
Buildings	760	924	880
Contribution to Capital Reserves	1,918	2,300	2,300
	21,629	23,412	23,776
SURPLUS (DEFICIT) BEFORE TRANSFER TO (FROM) RESERVE	563	-	(737)
TRANSFER (TO) FROM STABILIZATION RESERVE	(563)	-	737
SURPLUS (DEFICIT)	$ -	$ -	$ -

City of Saskatoon Saskatchewan Canada

Auditors' Report

Deloitte & Touche LLP
Chartered Accountants

His Worship the Mayor and City Council:

We have audited the Balance Sheet of the Trust Funds of the City of Saskatoon as at December 31, 2006 and the Statement of Changes in Net Assets for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Trust Funds of the City of Saskatoon as at December 31, 2006 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
Saskatoon, Saskatchewan
April 11, 2007

As at December 31, 2006 (in thousands of dollars)

	2005	2006	2006	2006
	TOTAL	CEMETERY PERPETUAL CARE	GROUP INSURANCE TRUST	TOTAL
ASSETS				
Cash and Cash Equivalents	$ 144	$ 42	$ 244	$ 286
Accounts Receivable	10	29	-	29
Accrued Interest	28	28	1	29
Investments (Note 2)	2,962	2,820	-	2,820
	$ 3,144	$ 2,919	$ 245	$ 3,164
LIABILITIES AND NET ASSETS				
Accounts Payable	$ 13	$ 62	$ 1	$ 63
Net Assets	3,131	2,857	244	3,101
	$ 3,144	$ 2,919	$ 245	$ 3,164

See accompanying notes.

For the Year Ended December 31, 2006 (in thousands of dollars)

	2005	2006	2006	2006
	TOTAL	CEMETERY PERPETUAL CARE	GROUP INSURANCE TRUST	TOTAL
INCREASES IN ASSETS				
Sale of Cemetery Plots	$ 60	$ 69	$ -	$ 69
Interest Earned	158	140	13	153
	218	209	13	222
DECREASES IN ASSETS				
Transfer to Revenue Fund	308	140	112	252
	308	140	112	252
Increase (Decrease) in Net Assets	(90)	69	(99)	(30)
Net Assets at Beginning of Year	3,221	2,788	344	3,132
Net Assets at End of Year	$ 3,131	$ 2,857	$ 244	$ 3,101

See accompanying notes.

Basis of Accounting

The Trust Funds operate on the accrual basis of accounting. Any interest earned but not received as at December 31 has been recorded in Accrued Interest.

The total of investments of $2,820,000 (2005 - $2,962,000) recorded on the Balance Sheet at cost, have a market value of $3,057,000 (2005 - $3,249,000) at December 31. Investments consist of provincial promissory notes and federal, provincial, municipal government, and corporate bonds with an effective interest rate ranging from 1.79 percent to 4.35 percent.

A) Group Insurance Trust Fund

Premiums are shared equally between the employer and the employee. Surpluses are generated when premiums exceed administration charges and claims payments by the carrier. A portion of the accumulated funds are used to reduce both the employer's and employee's premiums.

Under the Terms of the Underwriting Agreement, the claims Fluctuation Reserve held by the Group Insurance Trust Fund for 2006 must be at least 25 percent of premiums paid, or $164,511.

B) Cemetery Perpetual Care Trust Fund

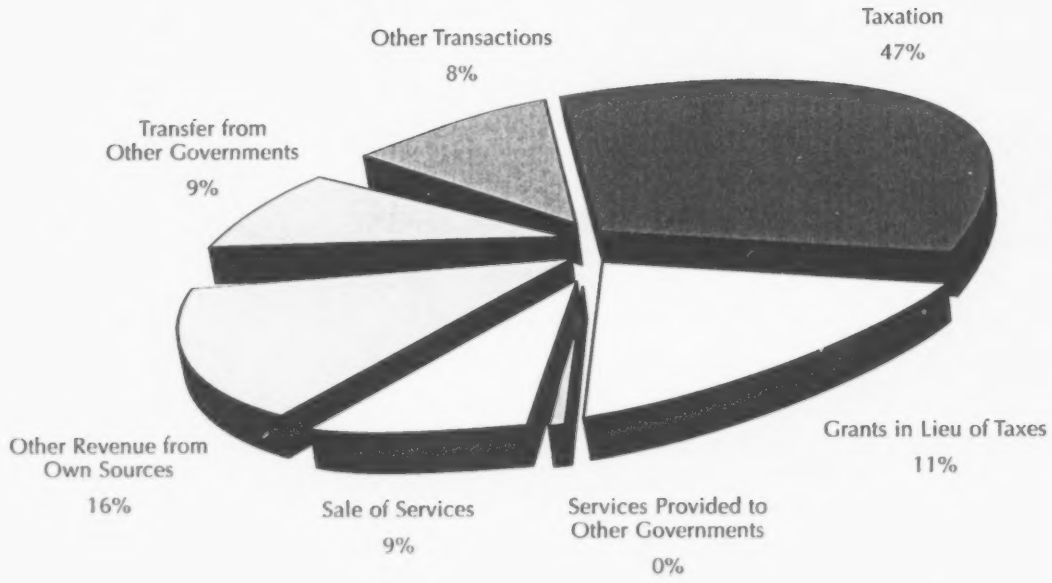
The Perpetual Care Fund is intended to provide the necessary annual funding for the maintenance services to the cemetery in perpetuity.

City of Saskatoon Saskatchewan Canada

For the Years 2002 to 2006 (in thousands of dollars)

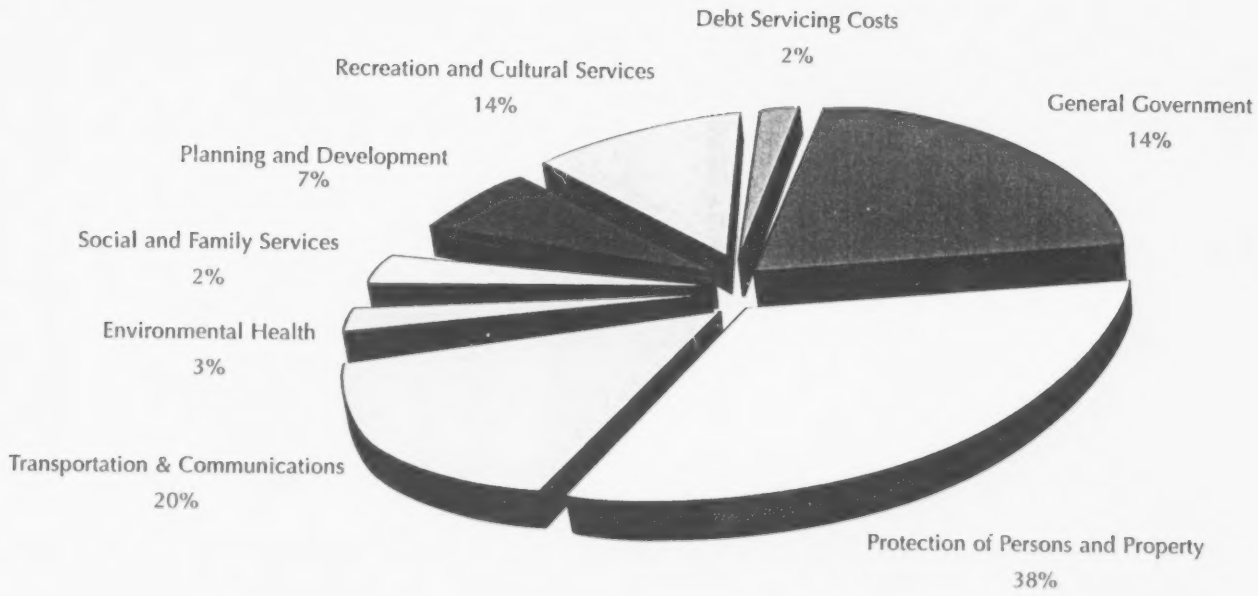
	2002	2003	2004	2005	2006
SOURCES OF FUNDS					
Canada/Saskatchewan Infrastructure Program	$ 1,938	$ 2,440	$ 3,730	$ 5,225	$ 34
Cultural Capitals of Canada Program	-	-	-	-	30
Government of Canada	-	298	-	-	59
Federal Gas Tax Program	-	-	-	-	3,647
Federation of Municipalities-Green Fund Grant	-	-	-	-	16
Municipal Rural Infrastructure Funding	-	-	-	1,502	399
Transport Canada	-	230	82	137	-
Saskatchewan Water Corporation	-	-	-	23	250
Province of Saskatchewan	145	588	385	358	8,152
Saskatchewan Lottery	-	-	-	-	-
Western Economic Diversification Program	-	-	-	-	-
Taxation	965	300	225	50	1,376
Debentures	17,000	-	-	21,841	-
Contribution from Developers, Benefitting Property Owners & Other Users	4,811	4,744	5,558	5,820	15,250
Appropriations					
Sinking Fund	-	-	-	-	3,000
2004 operating surplus	-	-	-	100	-
2005 operating surplus	-	-	-	-	500
Reserves	59,498	57,690	80,708	97,903	127,836
	84,357	66,290	90,688	132,959	160,549
APPLICATION OF FUNDS					
General Government	3,817	4,101	4,176	4,033	3,002
Protection of Persons and Property	3,950	1,189	1,618	1,688	1,799
Transportation	22,965	24,113	23,250	35,711	60,357
Environmental Services	9,156	16,217	11,568	26,308	27,553
Social and Family Services	10	288	1,234	541	737
Planning & Development	2,895	2,747	3,749	3,597	3,633
Recreation and Cultural Services	3,299	3,483	4,017	6,373	8,237
Property Purchases and Development	11,434	13,095	15,672	24,000	36,162
Saskatoon Light & Power Expansion and Replace	7,224	7,308	8,699	9,431	10,302
	64,750	72,541	73,983	111,682	151,782
Unexpended Capital Financing, Beginning of Year	45,878	65,485	59,234	75,939	97,216
Unexpended Capital Financing, End of Year	$ 65,485	$ 59,234	$ 75,939	$ 97,216	$ 105,983

For the Years 2002 to 2006



	2002	2003	2004	2005	**2006**
Taxation	$ 83,959	$ 86,996	$ 92,013	$ 97,795	**$ 101,104**
Grants in Lieu of Taxes	19,237	19,769	20,004	21,332	**22,64?**
Services Provided to Other Governments	1,284	1,477	1,261	803	**807**
Sale of Services	16,614	16,977	17,932	18,461	**18,748**
Other Revenue from Own Sources	28,902	30,501	30,956	33,803	**34,178**
Transfer from Other Governments	9,391	11,024	13,586	13,462	**18,219**
Other Transactions	16,831	17,330	17,136	17,808	**17,448**
	$176,218	$ 184,074	$ 192,888	$ 203,464	**$ 213,150**

For the Years 2002 to 2006



	2002	2003	2004	2005	**2006**
General Government	$ 24,970	$ 25,017	$ 25,738	$ 27,995	**$ 29,939**
Protection of Persons and Property	62,091	67,216	72,116	75,676	**82,063**
Transportation & Communications	37,101	38,418	38,887	40,543	**42,686**
Environmental Health	5,276	5,412	6,054	6,265	**6,556**
Social and Family Services	3,710	4,071	3,946	3,761	**4,101**
Planning and Development	13,471	13,047	13,491	13,846	**14,899**
Recreation and Cultural Services	24,997	26,456	27,072	28,178	**29,795**
Debt Servicing Costs	2,629	3,259	4,249	4,494	**4,954**
	$174,245	$182,896	$ 191,553	$ 200,758	**$ 214,993**

For the Years 2003 to 2006 (in thousands of dollars)

	Wages and Benefits	Contracted and General Services	Donations, Grants, Subsidies	Heating, Light, Power, Water, Telephone	Materials, Goods, Supplies	Finance Charges	Capital Expenditures	Total
General Government	$ 17,084	$ 2,771	$ 474	$ 303	$ 569	$ 31	$ 3,033	**$ 24,265**
Protection of Persons and Property	68,063	11,886	132	488	740	16	1,857	**$ 83,182**
Transportation	30,659	12,042	-	4,161	3,789	7	60,411	**$ 111,069**
Environmental Health	18,246	15,199	-	3,672	3,049	-	27,225	**$ 67,392**
Social and Family Services	2,320	898	719	65	351	15	737	**$ 5,105**
Planning & Development	8,549	3,526	1,525	957	619	11	3,731	**$ 18,918**
Recreation and Cultural Services	27,075	21,331	2,264	3,544	5,547	388	14,624	**$ 74,773**
Property Purchases & Development	2,717	-	-	-	-	-	39,848	**$ 42,565**
Saskatoon Light & Power	5,301	3,969	-	63,219	1,417	-	10,339	**$ 84,245**
Debt Servicing Costs	-	-	-	-	-	4,082	-	**$ 4,082**
TOTAL 2006	**$ 180,014**	**$ 71,622**	**$ 5,114**	**$ 76,409**	**$ 16,081**	**$ 4,550**	**$ 161,806**	**$ 515,596**
TOTAL 2005	$ 160,665	$ 65,105	$ 4,507	$ 69,690	$ 15,619	$ 4,268	$ 118,642	**$ 438,496**
TOTAL 2004	$ 152,643	$ 63,665	$ 4,085	$ 66,594	$ 13,247	$ 4,713	$ 79,178	**$ 384,125**
TOTAL 2003	$ 132,335	$ 55,710	$ 5,969	$ 65,254	$ 14,356	$ 3,071	$ 70,020	**$ 346,715**

For the Years 2002 to 2006 (in thousands of dollars)

	2002	2003	2004	2005	**2006**
Net surplus after deducting operating expenses, debt charges and contributions to reserves:					
Water	$ -	$ -	$ -	$ -	**$ -**
Wastewater	-	-	-	-	**-**
Storm Water Management	-	-	-	-	**-**
Saskatoon Light & Power	15,189	15,649	15,407	15,999	**15,582**
Transit System (before contribution from General Revenue)	(10,624)	(11,411)	(11,680)	(12,465)	**(13,222)**
Net Surplus	$ 4,565	$ 4,238	$ 3,727	$ 3,534	**$ 2,360**
Amount contributed by Utilities to Revenue as grant in lieu of taxes	$ 15,573	$ 16,064	$ 16,203	$ 17,169	**$ 18,440**

For the Years 2002 to 2006 (in thousands of dollars)

	2002	2003	2004	2005	**2006**
RESERVES:					
Property realized	$ 20,808	$ 26,667	$ 21,907	$ 19,906	**$ 7,833**
Replacement	23,448	28,274	30,896	27,994	**24,554**
Future expenditures	77,064	91,047	88,170	81,691	**67,223**
SURPLUS (DEFICIT)	1,973	1,178	1,335	2,706	**(1,843)**
	$123,293	$147,166	$ 142,308	$ 132,297	**$ 97,767**

	2002	2003	2004	2005	**2006**
Total Debenture Debt	$ 36,833,475	$ 29,892,732	$ 23,192,246	$ 48,125,223	**$ 42,719,327**
Less Sinking Fund	3,744,094	3,107,228	3,064,218	2,689,183	**1,459,273**
Net Debt	$ 33,089,381	$ 26,785,504	$ 20,128,028	$ 45,436,040	**$ 41,260,054**
Population Estimate at Dec. 31 (1)	204,600	205,300	205,900	206,500	**207,200**
Gross Debt Per Capita	$ 180	$ 146	$ 113	$ 233	**$ 206**
Net Debt Per Capita	$ 162	$ 130	$ 98	$ 220	**$ 199**
Mill Rate Supported Debt	$ 83	$ 76	$ 69	$ 121	**$ 110**
Legal Debt Limit	298,000,000	298,000,000	298,000,000	298,000,000	298,000,000
Debt servicing costs as a percentage of total expenditures	1.19%	0.76%	1.11%	0.89%	0.79%

(1) Population data is provided by the City Plannng Branch, derived from Statistics Canada census data.

	2005	Sinking Fund At Dec 31/05	2006	Sinking Fund At Dec 31/06
Waterworks Utility	$ 12,285,579	$ 1,837,402	$ 10,473,238	$ 1,038,391
Wastewater Utility	9,771,560	(22,793)	8,933,171	(24,969)
Local Improvements - Property Share (1)	1,060,262	884,789	506,663	457,041
Total Debt Not Supported by Civic Mill Rate	**$23,117,401**	**$ 2,699,398**	**$ 19,913,072**	**$ 1,470,463**
Total Civic Mill Rate Debt	**$25,007,822**	**$ (10,215)**	**$ 22,806,255**	**$ (11,190)**
Total Debenture Debt	$ 48,125,223		$ 42,719,327	
Total Sinking Fund	(2,689,183)		(1,459,273)	
Net Debt (2)	**$ 45,436,040**		**$ 41,260,054**	
Population Estimate at Dec. 31 (3)	206,500		207,200	
Gross Debt Per Capita	**$ 233**		**$ 206**	
Net Debt Per Capita	**$ 220**		**$ 199**	
Mill Rate Supported Debt	**$ 121**		**$ 110**	

(1) Including city share of Water and Wastewater Local Improvements.

(2) All figures are based on book values and have not been adjusted for foreign currency exchange.

(3) Population data is provided by the City Planning Branch, derived from Statistics Canada census data.

As at December 31, 2006

Year	Debentures Maturing	Percentage Yearly	Percentage Reduction Accumulated
2007	4,708,320	11.0%	11.0%
2008	5,141,007	12.0%	23.0%
2009	4,356,000	10.2%	33.2%
2010	4,538,000	10.6%	43.8%
2011	4,737,000	11.1%	54.9%
2012	4,954,000	11.6%	66.5%
2013	2,981,000	7.0%	73.5%
2014	3,108,000	7.3%	80.8%
2015	3,245,000	7.6%	88.4%
2016	908,000	2.1%	90.5%
2017	947,000	2.2%	92.7%
2018	988,000	2.3%	95.0%
2019	1,031,000	2.4%	97.4%
2020	1,077,000	2.6%	100.0%
	$ 42,719,327	**100%**	

	2002	2003	2004	2005*	2006
Gross Assessment	$ 8,702,556,866	$ 8,829,707,519	$ 8,944,970,489	$ 10,179,196,988	$ 10,362,452,800
Exemptions	2,136,154,680	2,131,792,805	2,136,589,287	2,377,784,262	2,357,374,005
Assessed Value for Taxation	$ 6,566,402,186	$ 6,697,914,714	$ 6,808,381,202	$ 7,801,412,726	$ 8,005,078,795
	Mills	Mills	Mills	Mills	Mills
Tax Rate:					
General	12.5911	12.9327	13.3512	12.2731	12.4469
Library	1.4790	1.5579	1.5819	1.4235	1.4325
Education:					
Public Board/Separate Board	17.7000	18.2200	18.8400	17.1000	17.5800
Total	31.7701	32.7106	33.7731	30.7966	31.4594
	$ 217,238,306	$ 228,018,905	$ 238,184,852	$ 252,138,323	$ 262,932,568
Property Roll Collections:					
Current	$ 216,550,749	$ 223,544,797	$ 234,268,076	$ 240,523,030	$ 250,106,925
Arrears	7,013,536	5,946,134	7,229,023	6,554,429	7,409,207
Total Collected	$ 223,564,285	$ 229,490,931	$ 241,497,099	$ 247,077,459	$ 257,516,132
Percentage of Levy Collected:					
Current	98.25%	96.76%	97.34%	94.34%	94.54%
Current and Arrears	97.16%	95.87%	96.69%	93.72%	93.33%
Taxes Outstanding:					
Current	$ 5,351,983	$ 6,196,488	$ 6,532,495	$ 5,912,631	$ 5,212,455
Arrears	2,988,342	3,021,481	2,425,158	3,142,864	2,393,853
Net Outstanding	$ 8,340,325	$ 9,217,969	$ 8,957,653	$ 9,055,495	$ 7,606,308

* Re-Assessment

For the Years 2002 to 2006

	2002	2003	2004	2005	**2006**
Saskatoon population					
(December 31)*	204,600	205,300	205,900	206,500	**207,200**
Annual change	+0.30%	+0.35%	+0.30%	+0.30%	**+0.33%**
Saskatoon inflation rate -					
annual average	2.8%	2.2%	2.1%	2.3%	**2.1%**
Saskatoon unemployment rate -					
annual average	7.7%	7.6%	8.0%	6.6%	**5.9%**
Number of persons employed					
in Saskatoon	119,400	121,200	122,200	126,400	**128,000**
Saskatoon building permits:					
Total number	2,424	2,345	2,481	2,444	**2,709**
Total value ($millions)	$ 250.0	$ 231.6	$ 217.5	$ 276.6	**$ 323.4**
Annual change	+10.48%	-7.36%	-6.10%	+27.2%	**+16.9%**

* Population data is provided by the City Planning Branch, derived from Statistics Canada census data.

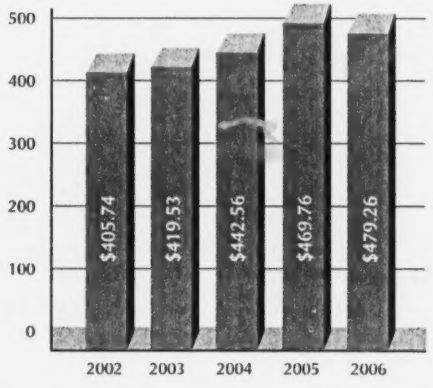
SOURCES OF INFORMATION

Statistics Canada

City of Saskaton – Planning Branch, Community Services Department

2006 Taxable Assessment (in thousands of dollars)

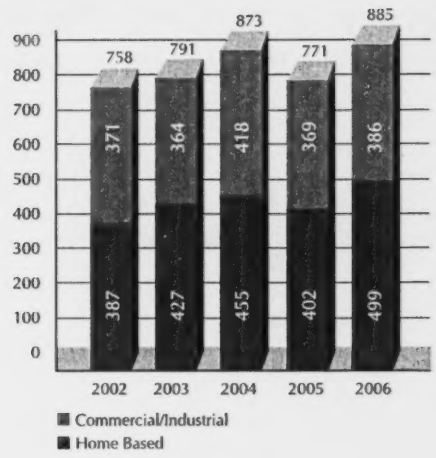
Borealis Retail Midtown Plaza Inc	$ 59,931
Centre At Circle & Eighth Property Inc	59,270
Boardwalk Reit Properties Holdings Ltd	48,521
Westfair Properties Ltd	47,624
Maple Leaf Consumer Foods Inc	29,854
Saskatoon Airport Authority	28,700
2055190 Ontario Ltd	27,944
Preston Crossing Properties Inc	27,406
959630 Alberta Inc	25,801
101042414 Saskatchewan Ltd	25,479
CNH Canada Ltd	23,931
First Line Properties Ltd	20,062



Category	Number of Permits			Construction Value ($million)		
	Dec 31/06	Dec 31/05	Change%	Dec 31/06	Dec 31/05	Change%
Residential	**1902**	**1619**	**17.50%**	$82.60	$67.90	21.60%
Apartments & Housing Projects	**118**	**92**	**28.30%**	$35.70	$28.20	26.60%
Commercial	**251**	**266**	**-5.60%**	$73.00	$52.90	38.00%
Industrial	**143**	**159**	**-10.10%**	$42.90	$38.90	10.30%
Institutional & Assembly	**84**	**88**	**-4.50%**	$87.10	$75.30	15.70%
Other	**211**	**220**	**-4.10%**	$2.10	$13.40	-84.30%
Total	**2709**	**2444**	**10.80%**	**$323.40**	**$276.60**	**16.90%**

	2002	2003	2004	2005	2006
Wholesale	7	21	19	21	17
Building/Transport	38	18	31	29	31
Manufacturing	27	28	30	23	14
Retail	127	90	127	91	105
Services	172	207	211	205	219
Total	**371**	**364**	**418**	**369**	**386**

Bethlehem Catholic High School	$21.5M
Tommy Douglas Collegiate	$21.2M
Wal-Mart	$9.8M
Persephone Theatre	$8.0M
Affinity Credit Union	$6.0M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2002
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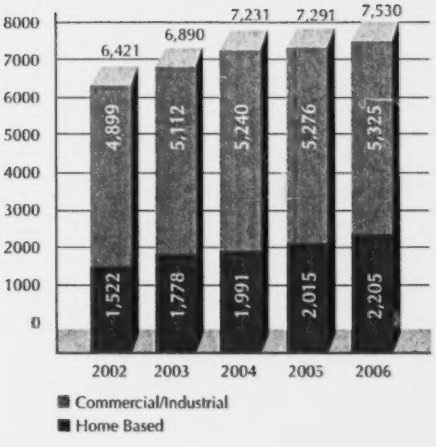
Commercial/Industrial
Home Based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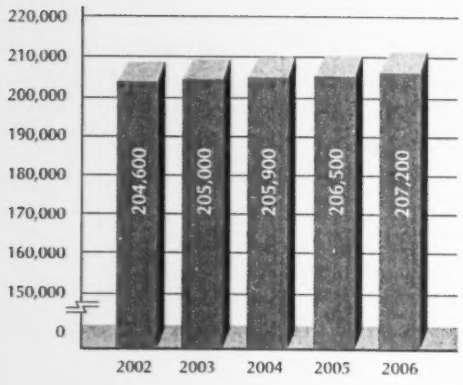
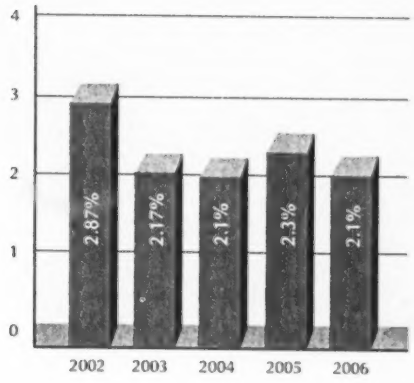
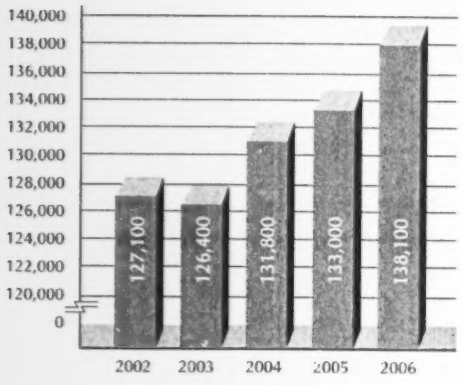
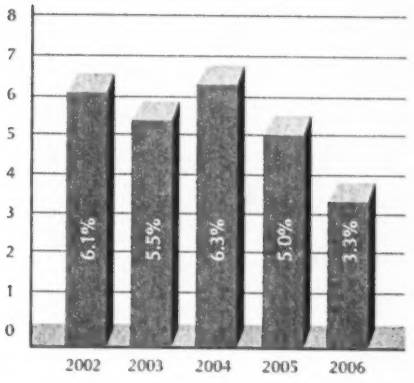
Commercial/Industrial
Home Based

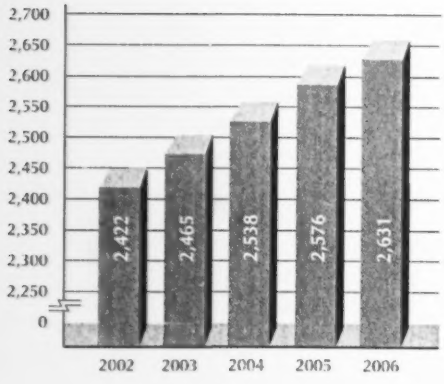


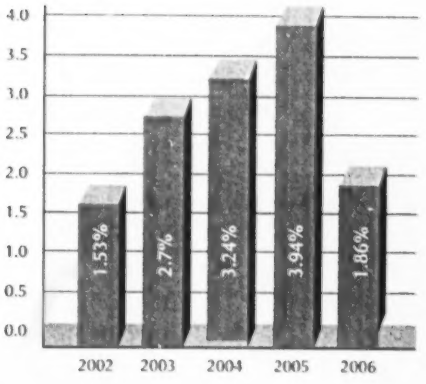
Source: Statistics Canada











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